

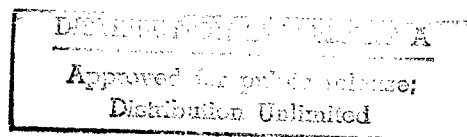


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JPRS Report

East Asia

Southeast Asia



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Astra Denies Setting Up Joint Venture With Vietnam

42130182 Jakarta KOMPAS in Indonesian
20 Aug 88 p 2

[Text] P. T. Astra International, Inc., has never established a joint venture with the Ho Chi Minh City government called Indovina International, Ltd. This was stated by Dr. Aminuddin, public relations manager of P. T. Astra International, Inc.

This clarification was made in connection with our report quoting AFP and entitled "Astra Establishes Joint Venture With Vietnam."

The report said that P. T. Astra International had set up a joint venture with the Ho Chi Minh City government. It was called Indovina International, Ltd. and based in Hong Kong. Its purpose was to promote trade relations between Indonesia and Vietnam.

Aminuddin said in his short clarification that his company belongs to a group of major businesses active in the motor vehicle industry, plantation estates and real estate, the lumber industry, imports and exports, and financial services. He denied the AFP report quoting Indovina executive director Tran Phuoc Tien.

The AFP report also said that the joint venture with the Ho Chi Minh City government was worth \$128,000, or about 216 million rupiah, shared equally between the two partners. Astra International was said to be the second largest company in Indonesia, with 190 affiliated firms. "The number of affiliates mentioned in that report is incorrect," said Aminuddin.

Background of Reported Joint Venture With Vietnam

42130186 Jakarta TEMPO in Indonesian
27 Aug 88 p 94

[Text] Astra invested capital in Vietnam? That was according to an AFP Hong Kong report which was published in several newspapers in Jakarta on 19 August. The report said that P.T. Astra International Inc., based in Jakarta, had set up a joint venture with the Ho Chi Minh city government called Indovina International Ltd.

Tran Phuoc Tien, executive director of Indovina, was quoted by AFP as saying that "the main activity of the company will be to import building materials from Indonesia, meet Vietnam's needs for pesticides and insecticides, and export agricultural produce from Vietnam to Indonesia."

On the same day, however, P.T. Astra spokesman Aminuddin, who was contacted by TEMPO, denied Astra's involvement in the joint venture. "That report is not true," he said.

Edwin Soeryadjaya, a member of P.T. Astra management, clarified to TEMPO reporter Max Wangkar the founding of the joint venture in Hong Kong. According to Edwin, the second son of P.T. Astra Chief Commissioner William Soeryadjaya, Indovina International Ltd in Hong Kong was established by Summa International, which is privately owned by Edward Soeryadjaya, Edwin's older brother, to conduct activities in the banking and nonbanking financial sectors.

Summa International reportedly exists outside of P.T. Astra. Its shareholders consist of people who do not belong to Astra, although some of them have interests in Astra. Its chief owner is Summa International Bank Holdings & Investment Co. of Luxembourg which is based in Vanuatu, formerly New Hebrides.

What did Edward say about it? "He is in Amsterdam," said his wife, Happy Soeryadjaya, last Friday. But when our reporter Bachtiar Abdullah contacted Edward's residence in Amsterdam, someone who answered the phone told him that Edward had left for Tokyo.

We have to wait for Edward's comment. However, long before Indovina was founded, a trade mission led by Djukardi Odang, chief director of P.T. Pantja Niaga, visited Hanoi and Ho Chi Minh city in August last year to explore possible marketing of Indonesian products, including Astra's. William Soeryadjaya took part in the mission and flew the small delegation in his executive Grumman jet.

A similar trade mission under Djukardi Odang had earlier made several visits to Vietnam. The Indonesian government has appointed Djukardi Odang coordinator to respond to the great interest expressed by the Vietnamese government which has gradually opened up the country to foreign capital investment. Djukardi once mentioned Vietnam's interest in purchasing Honda "Bebek" motorcycles and Toyota "Kijang" cars produced by Astra which has started to export them to Brunei and Papua New Guinea.

However, as stated by Edwin Soeryadjaya, no "Kijangs" have yet entered Vietnam. "Astra has not concluded any business transactions with Vietnam," he said. "Astra has only once exported Honda 'Bebeks' to the PRC." According to Edwin, his father's several visits to Vietnam were exploratory.

Is it possible that Astra will in the future sell its products through Indovina if Vietnam wants them? "It is possible if that company is willing to buy Astra products. But we will treat them as just a customer," said Edwin.

In a conversation with TEMPO Saturday evening, Edwin said that Astra would "back" Indovina International though it has no direct relationship with Astra. Maybe Edward, the elder brother who apparently wants to do it on his own, would like to make an investment in Vietnam before Astra enters that country.

Trial of 'Indonesian Islamic State' Defendants Completed

42130181a Jakarta KOMPAS in Indonesian
30 Jul 88 p 8

[Excerpts] The trial of 15 members of the NII (Indonesian Islamic State) was completed when Kharis Mansyur, 60 years old, was sentenced to 9 years in jail by the State Court in Sumber, Cirebon county, West Java, last Monday (25 July). Three other members were sentenced in July: Zam Zam, 23 years old, sentenced to 8 years, Ismail Ismanto, 35 years old, sentenced to 10 years, and Taufik Rahman, 40 years old, sentenced to 9 years.

E. Suparman, S.H. [Master of Laws], who headed the judicial board, together with Thamrin B., S.H., and Djoko, S.H., concluded that those four NII members had carried out subversive acts.

With this decision 15 NII members have been sentenced. The State Court of Sumber had already sentenced Lukman Hakim, NII chief of staff, to 14 years in jail. Lukman set up the Indonesian Islamic Community, which was furthering NII goals of setting up an Islamic state in Indonesia, based on the sayings of the Prophet and on the Koran. Ten other NII members were sentenced by the same court at the beginning of January 1988.

This case of subversion was discovered after a gas station in Tuparev, Cirebon, was held up. About 3.3 million rupiahs was stolen. Police investigation revealed that the robbery was carried out to get funds for the NII. The NII had run out of money to run its organization.

During the trial it was revealed that Ismail Ismanto, NII treasurer, had ordered Dodo Widodo and a friend to get funds by force. This was done by holding up the gas station, which they had been casing for several weeks beforehand. The station was robbed on 22 September about 8 am West Indonesian Time, when a station employee was going to deposit the money in the bank.

Profile of Faisal Abda'oe, New Pertamina Chief

42130004a Jakarta KOMPAS in Indonesian
18 Aug 88 p 2

[Text] For most people the name Faisal Abda'oe is not very well known. However, that name has been heard for a long time in petroleum circles, and especially at Pertamina [National Oil and Gas Company]. In his present position as Pertamina director of finance he has certainly made a special impression. And when that name is again connected with his installation in office on 19 August as managing director of Pertamina by the minister of mines and energy he will be even better known.

This native of Indonesia who was born in Yogyakarta on 23 August 1930 has not pushed himself into the forefront. He has more often kept silent and has not spoken

very much. However, the look in his quiet eyes as he watches a business rival speak seems to make clear who he really is. Although he remains silent, he holds a key position. Everything connected with the financial affairs of this state owned company is in his hands.

However, this attitude cannot be equated with arrogance. He is still friendly with every person whom he meets. And although he is not prepared to provide an answer to direct questions, there is always a smile on his lips. Don't expect a roar of laughter to express his innermost feelings or a dramatic gesture to color every action. His calmness is clearly expressed in his movements, and his resolute attitude is displayed in the way he performs the duties placed on his shoulders.

And the clear results of this way of doing things can be seen in his work as director of financial affairs of Pertamina. In 1986 the Pertamina Financial Inspection Board [Badan Pemeriksa Keuangan Pertamina—BPKP] gave the evaluation of "qualified opinion" [words in quotations in English in the text] to the financial administration of Pertamina. This is a step higher, although still far from the objective which he sought, or an unqualified evaluation, which is usually called a "clear opinion" [words in quotations in English in the text].

However, it was not so easy for Faisal Abda'oe to climb to the position which he now holds.

He said, describing the early stages of his career, "I began from the bottom. Although I had a bachelor's degree when I entered the petroleum world, I began my work from the beginning." The wisdom of climbing a career ladder like this is that he knows the complexities of the petroleum world, beginning from his duties operating a gasoline pump, continuing through administration, and his present duties dealing with the policies of the board of directors.

Faisal Abda'oe did not hesitate in preparing himself to handle his present duties. After elementary and secondary school he began his further studies at the Technical Faculty of the University of Gadjah Mada in Yogyakarta, the city of his birth. However, it appeared that this was not his calling. He transferred to the Faculty of Economic Affairs of the University of Indonesia in Jakarta and continued his studies until he graduated from there. After choosing the petroleum sector he further polished his training with additional financial experience overseas.

Abda'oe is a genuine civilian, the first to occupy the highest leadership position at Pertamina. However, his work in the past also involved helping during the period of the Indonesian Revolution, for example, as a member of People's Defense Division III at the Kebumen and Karanganyar front at the time of the first Dutch military action. Later, he also served as a member of Sub War Area 101 [Sub Wehrkreise 101] in Yogyakarta.

Up to the present he has handled a number of positions in the petroleum sector, particularly in the domestic marketing field. Later on he went overseas and was directly associated with the Organization of Petroleum Exporting Countries (OPEC), until he was temporarily assigned to Pusri [Sriwijaya Fertilizer Company] in 1975. He returned to Pertamina as director of financial affairs at the beginning of 1981 and served in that capacity until the present.

However, all of that would be less than meaningful if it were separated from the personality of Faisal Abda'oe as the father of a family. Indeed, it can be stated for certain that the tranquility in his family has been a support for his career up to the present.

He married Luthfi Hassim, a Medan girl. They have one son and one daughter. Afi Shamara, the daughter, is still attending university, while Mohamed Reza Rachmadi, the only son, is attending junior high school.

Until the last few days before his installation in office as managing director of Pertamina, replacing A. R. Ramly, who has been given new duties elsewhere, Faisal Abda'oe did not talk much about himself. When someone wished to ask him about his duties, he said briefly, "Later on" or, "Find out from the Community Relations Department."

Elected Jakarta Golkar Chief To Retire
42130004d Jakarta TEMPO in Indonesian
10 Sep 88 p 23

[Text] Until he was elected chairman of the Jakarta Regional Council of Golkar [Functional Groups party] on 29 August, Brig Gen Mohamad Basofi Sudirman, 47 years old, continued to hold the position of deputy governor of Jakarta. Will he have to leave that position? There is no regulation to this effect. He told a TEMPO representative, "Well, that is up to the governor."

What is certain is that with this new position Basofi must leave active service in the Indonesian Armed Forces, although in fact, according to the regulations, he will not be eligible for a pension until 8 years from now. He said, "I applied for retirement a long time ago. Perhaps a decision will come down in the near future."

A graduate of the National Military Academy (AMN) in Magelang [Central Java] in 1963, Basofi's first combat assignment was the suppression of the PGRS/Paraku [Sarawak People's Guerrilla Force/North Kalimantan People's Force] in Kalimantan. Then this young man, who was born in Bojonegoro, East Java, joined an Army Commando unit [RPKAD] (now known as the Special Forces Command) [KOPASSUS]. He held a number of military positions until he reached the rank of colonel and served as commander of the Military District Command in Malang [East Java] from 1984 to 1986.

At that time he began to be better known. His forces ensured the success of the NU [Muslim Scholars] Congress in

Situbondo [East Java] in 1984, which was attended by President Suharto. His forces were not only assigned the task of providing security for the congress but also helped out as cooks.

This leader is slender of body and always displays a friendly attitude. In the Islamic community in Malang he is known as an interesting Islamic preacher. Not surprisingly, Lieutenant General (Retired) Sudirman, his father, who commanded the Brawijaya Division from 1952 to 1956, is now one of the officials of Malang Islamic University, in addition to being an official of the Islamic Missionary College [Pendidikan Tinggi Dakwah Islam—PTDI].

Basofi took an active role in breaking up the secret Islamic movement which placed a bomb in a bus carrying a group of girls and in a Christian church in Malang in 1985. Then, in December 1986 he became chief of staff of Military Region I/Bukit Barisan [North Sumatra]. In the middle of 1987 he was assigned to Headquarters, Indonesian Armed Forces. His name emerged again when he was appointed deputy governor of Jakarta at the end of 1987.

Plan To Divide Irian Jaya Into Three Provinces Deferred

42130181c Jakarta ANGKATAN BERSENJATA in Indonesian
2 Aug 88 p 4

[Text] I.r. [Engr.] Piet Mulyadi, director general of Provincial Development in the Department of Home Affairs, said that plans to make Irian Jaya into three provinces have been deferred because the state and finances of the nation do not make that possible yet.

Piet Mulyadi made that statement in the written message read out by his secretary Drs Karina at the ceremony opening the seminar on basic patterns of development for Irian Jaya, which was held in Jayapura last Friday [29 July].

He said that the present economic situation, which is in a long and uncertain period of recession, is still having a strong influence on the national economy. In this connection, he said, there will certainly be less money for development, and this means that development plans will have to be prioritized.

Alamsjah Speech Recalls 1965 PKI Coup
42130181b Jakarta MERDEKA in Indonesian
1 Aug 88 pp 1, 11

[Text] Many have forgotten or have played down the significance of the G-30-S/PKI [September 30 Movement/Communist Party of Indonesia] attempted coup, which took place 23 years ago, and President Suharto's bravery and firmness in suppressing it. Alamsjah Ratu-perwiranegara, former coordinating minister of public

health, made this statement in a speech he gave today in Pancor, West Nusa Tenggara, at the 52d anniversary celebration of Nahdlatul Wathan.

Before 500,000 Muslims, who came from the villages and from as far away as Kalimantan, Sulawesi and Maluku, Alamsjah said that if Indonesia is not careful, an even more savage incident is possible; if the communists betray the country a third time, they will make sure that they do not fail again.

Recently, said Alamsjah, young people have been asking him to prove that the PKI has penetrated a single political organization.

"I laugh and feel sorry for those young people because I never make an accusation. I have gotten information; if the information is correct, why should it be ignored? They have had similar information for a long time because I have gotten that information from them themselves," said Alamsjah.

But it seems that values have changed, that the principle of struggle for one another has changed; people are not guided by the ideas of the New Order [Suharto regime], but rather by a philosophy of career advancement, position and personal ambition.

People will do anything to achieve these goals, and morals and faith are defeated. Finally, without careful consideration of what they actually say, in their ambition for position, they go beyond what Asians usually do.

Alamsjah said that he hopes that they will have the moral courage for self-correction, and if there are those in conflict with the New Order that they will be purged impartially so that an ostrich-like policy does not develop.

NU Conference Assesses Implementation of Return to 1926 Program

42130004c Jakarta *TEMPO* in Indonesian
3 Sep 88 p 27

[Article by B. S. H. Wahyu Muryadi, Herry Muhammad, and Riza Sofyat]

[Text] This was the first meeting of the NU [Nahdatul Ulama—Muslim Scholars] community since this largest Muslim organization returned to its 1926 program as a social and religious body. The decision was made at the organization's national congress in Situbondo [East Java] 4 years ago. The recent meeting of the NU took place last week at the Ma'arif Education Foundation building in Situbondo. This 3-day conference of the NU in East Java was attended by delegates from 44 branches.

In his opening speech Abdurrahman Wahid, chairman of the Executive Committee of the NU, declared that in making this decision the NU based itself on its creed and on Islam. However, its religious aspirations must be

based on the concept of nationalism containing the philosophy of the Pancasila [Five Principles of the Nation] as its single founding principle. However, in practice religion must never be made to suffer.

He then warned that once religious aspirations are made to suffer this will have a terrible, backlash effect, as happened in Iran and Pakistan. This does not mean that the NU intends to become involved in practical political affairs but only as a security organization. He said, "It will not take part in managing a factory but will take care of security." He meant that it would be a social control force.

However, according to Yusuf Hasyim, deputy chairman of the Executive Committee of the NU Advisory Council, instructions for implementing the return of the NU to the 1926 Program are not yet complete. He said, "Some of the instructions are in effect but do not fit the circumstances. Some of the others are feeling their way. On the other hand, there are those who say that we have been ordered to return to the 1926 Program, but what they do deviates specifically from the program. If this continues, the NU can vary from place to place."

Since the NU declared that it would no longer engage in practical political activity, differences of opinion have emerged among its leaders. For example, Mahbub Dju-naidi thinks that the NU needs to return to political activity. However, according to Abdurrahman Wahid, the decision on this matter has been made. He said: "Wait for a while and then review our performance at an NU congress."

He admits that understanding of the 1926 Program is not the same because NU members come from very different backgrounds. For that reason, although the return to the 1926 Program has been decided on, this decision is not being applied as a matter of discipline. In planning the implementation of the decision differences of opinion have emerged, particularly in terms of which aspects should be given priority. Then the initial work will be undertaken. There are those who support orphanages, schools, and cooperatives. After we have gone along this route for so long, we will try to test it. If the results are good, this will be the standard. He said, "Therefore, the work of applying the program will take a long time, from 15 to 20 years."

At present the NU has about 21,000 of the largest educational institutions in Indonesia. These include both formal educational institutions as well as traditional village schools whose educational level must continuously be raised. At present NU members apparently prefer community activity. For example, there are those who have formed Family Welfare Centers [Lembaga Kemaslahatan Keluarga—LKK] which, among other things, administer family planning programs. On the other hand, there are some who have formed "Pagar Nusa" [Village Fence] self-defense organizations.

In any case, the East Java Provincial Council of the NU reflects the spirit of the 1926 Program. Three of the five elected leaders of the Advisory Council of the East Java branch of the NU are very active in community organizations. They include: Dr Tolchah Hasan (first deputy chairman) and senior economic supervisor of Malang Islamic University, Dr H. Muhammad Th. (third deputy chairman) and deputy director of the Surabaya Islamic Hospital, and H. Zaki Ghufroon (fourth deputy chairman) and chairman of the Surabaya Islamic Hospital Foundation.

Another interesting matter: several leaders who have been mentioned as potential members of the Executive and Advisory Councils do not wish to be candidates. According to H. M. Munasir, deputy chairman of the Advisory Council of the Executive Committee of the NU, they know how difficult it is to be a NU leader. After the NU returns to the 1926 Program, "they must be really pure for the sake of God alone."

He said, "When the NU was a political party, there often were struggles over the election of leaders. This was because the leaders hoped for promotions in the political arena. However, now this is a matter of service, and the element of devotion to duty must be high."

Governor Cites Decline in Religious Schools in Aceh

42130004e Jakarta *SUARA KARYA* in Indonesian
6 Sep 88 p 6

[Excerpt] Bandar Aceh (*SUARA KARYA*)—At present religious education in Aceh is declining to some extent, both in terms of quality as well as in quantity. Muslim religious schools, such as the Ibtidaiyah, the Aliyah, or the Tsanawiyah, are not able to match the quality achieved by public schools. This is seen in the graduates of these Muslim schools, who have difficulty in passing the examinations for elementary and secondary school certificates.

Dr Ibrahim Hasan, governor of Aceh Province, made this statement at a reception to commemorate Provincial Education Day on 2 September at Anjong Mon Mata, Bandar Aceh Darussalam. This 29th commemoration of Provincial Education Day was also attended by Dr. G. B. P. H. Poeger, director general of cultural affairs.

After the revolutionary struggle in the field was over, a comparison of religious and public schools showed that, in fact, they were not of the same quality. It was because of this that the government sought to increase the number of public schools. At present the situation has been reversed, with religious schools being left behind.

To make up this difference there is only one solution. The governor has proposed that there must be core classes set up in religious schools. The core school is a special school for high performance boys and girls. For 6 months the pupils are given in-depth study material by selected teachers. The governor has repeatedly urged that core classes, both in religious as well as public schools, should receive special consideration and attention from regents and mayors of cities.

National Rice Procurement Figures Released

42130181d Jakarta *PELITA* in Indonesian
2 Aug 88 p 12

[Excerpt] Present rice procurement figures have reached 1,261,320.18 tons. Most of this stock, 915,426.17 tons [as published], comes from Java; the rest, 345,894.01 tons, comes from outside Java. The largest rice procurement, 395,000.3 tons, comes from East Java; West Java is next with 266,927.12 tons, and 225,525.70 tons come from Central Java.

These figures were reported by BULOG [Logistical Bureau] in Jakarta yesterday.

USSR-Aided Hospital Described

42060047b *Vientiane PASASON in Lao*
19 Jul 88 pp 1, 2

[Text] Construction on the Lao-Soviet Friendship Hospital got underway in 1981 in accord with the aide agreement signed on 15 January 1979 by the LPDR and the Soviet Union, specifically the Lao Ministry of Public Health and the Soviet TECHNOEKSPORT Company. In January 1988, construction was completed, and the hospital began examining patients and offering outpatient services.

This hospital has three main sections: the inpatient section, which has 140 beds; the outpatient section; and the administrative section. The outpatient section, which is now providing services, is composed of 18 subsections: internal medicine, external medicine, surgery, accidents, proctology, cardiology, pediatrics, infectious diseases, obstetrics, gynecology, neurology, tuberculosis, oral hygiene, dermatology, gastroenterology, eczematous diseases, parasitology, and otorhinolaryngology. These sections can treat 500-700 patients a day.

The outpatient section also has an X-ray facility, a pharmacy, a facility for treatment of internal organs, and a documents center.

The Ministry of Public Health plans to assign 445 cadres and doctors to this hospital. Of these, 68 will be high-level doctors and 171 will be middle- and low-level doctors. There will be more than 200 state employees and cadres. At present, there are only 289 cadres present, of whom 47 are high-level cadres, 180 are middle-level cadres, and 73 are low-level cadres. There are 29 state employees present.

It is thought that the ceremony to turn over the hospital to the Lao government and officially open the hospital will take place at the end of this year.

French Sign Electrical Pact

BK0509111788 *Vientiane KPL in English*
0916 GMT 5 Sep 88

[Text] —Vientiane, September 5 (KPL)—An agreement on the construction of the high voltage line of Se Set hydroelectric power station and the southern provinces' electrification project was signed on September 3, between the CGEE Alsthom [name as received] of France and the Electricite du Laos. According to the agreement, the construction of the 115 kv high voltage line of 115 km long covers a total cost of over 3 million and 41 million kip. [sentence as received] This is part of the Se Set electrification project. Apart from the state fund, the project receives gratis aid from SIDA [expansion unknown] and UNDP [United Nations Development Program] loans from IMF and ADB [Asian Development Bank.] The construction work will start in late 1988 and is scheduled to be completed in mid-1991.

Petroleum Contract Signed With France

BK1609110088 *Vientiane KPL in English*
0926 GMT 16 Sep 88

[Text]—Vientiane, September 16 (KPL)—About 1,200 cubic metres of petroleum is to be provided for Laos per month by the Eltrading Limited Company of France. This is stipulated in a contract signed here on September 14, between the Vientiane Import-Export Joint Venture Company for supplying technical equipment and petroleum, and the Eltrading Limited Company of France. The contract will come into effect on March 1st 1989.

Hungarians Give Medicines to Labor Federation

42060048a *Vientiane VIENTIANE MAI in Lao*
21 Jul 88 pp 1,4

[Excerpt] On 19 July Mr Laszlo Tagad, temporary charge d'affaires of the Hungarian People's Republic in Laos, handed over aid materials from the Hungarian Central Trade Union Council to the Lao Central Trade Union Federation in preparation for the Second Congress. Mr Somboun Vongnoubountham, assistant chairman of the Lao Central Trade Union Federation, accepted the aid materials and thanked the charge d'affaires and also the Hungarian Central Trade Union Council. The aid materials were medicines worth 500,000 forints (Hungarian currency). This is the second time that the Hungarian Trade Union has given aid to the Lao Trade Union.

Column Views Thai Support For Khmer Rouge, Noncommunists

Vientiane PASASON in Lao 29 Jul 88 p 3

['Talking Together' Column: "The Thais Are Helping the Khmer Rouge"; placement of quotation marks as published.]

[Text] For a long time, the Thai powerholders have been brazenly denying that they have been helping the Khmer Rouge and say that they do not allow the Khmer Rouge to use Thai territory to resist the PRK. But ultimately the truth comes out.

In a special report written by Kawi Banthai published in the 20-26 July issue of the magazine SU ANAKHOT dealing with Sihanouk's resignation as the leader of the tripartite Khmer coalition, he states: "If one looks seriously at what lies behind this resignation, one sees that Sihanouk wants to send a message to Thailand" and "if one really looks at this deeply it can be seen that the indicators in all of Sihanouk's attacks on the Khmer Rouge are pointed at China and that he doesn't dare mention Thailand at all even though it is the Thais who are also helping the Khmer Rouge.

"While the international community is helping the non-communist Sihanouk and the Son Sann groups, the Thais are simultaneously supporting Sihanouk and the

Khmer Rouge. The question that must be asked now is: between the Vietnamese forces and the armed Khmer Rouge, which is the most dangerous? And, what are the chances that after the Vietnamese troops are withdrawn, the Khmer Rouge would return to seize power in Cambodia? This is what Sihanouk wants to know and every time Sihanouk emphasizes this issue, many people think that he wants to pressure China. In fact, China is far away, but Thailand borders Cambodia and the Khmer Rouge are in the vicinity of the border. Thus, Thailand's physical geography and the Khmer Rouge would indicate a rather deep relationship. Sihanouk knows this very well and so do the Thais. Sihanouk has to 'hit the cow to impress the tiger' in order to show the world that he is talking about China. He can say nothing at all about Thailand. To disarm the Khmer Rouge in order to prevent their return (meaning, return to power), he would have to depend on cooperation from Thailand and China."

Thailand's conflictive policy to which they are still adhering is to help the Khmer Rouge because they are still a resistance force against the Vietnamese troops (they are resisting the revival of the PRK). But when the Vietnamese troop withdrawal is complete, they will certainly cause a painful dilemma for the Thai leadership. Who will this powerful Khmer Rouge force fight? There has to be a way to gradually reduce Khmer Rouge military formations. This is the message Sihanouk wants to send the Thais, but he can't say so himself. "In the past, Sihanouk generally condemned the Vietnamese, but now it seems that he is condemning the Khmer Rouge more because a significant obstacle in solving the Cambodia problem is simply that Sihanouk doesn't trust the Khmer Rouge." How can Sihanouk be made to trust them given that they killed so many of his relatives while he himself was indirectly imprisoned by them for a couple years? If the Cambodian people do not rise up and drive out Pol Pot in cooperation with the Vietnamese volunteer troops, Sihanouk's life would be in question.

Therefore, the issue in Cambodia is: what is to be done to crush the Pol Pot group while the Thais are helping the Khmer Rouge?

This is only part of the reality revealed by a newspaper published by the Thais themselves. But everybody knows that "Thai territory is a haven for the Khmer Rouge and other reactionary Khmer groups." Thailand not only allows the Pol Pot group and the other Khmer reactionaries the use of its territory as a sanctuary, but the Thais also help transport military materiel from other countries, provide training and support to those groups as well as helping them to carry out operations to destroy the revival of the Cambodian people.

As to whether the Cambodia problem will be successfully solved—an important question is will Thailand and the Thai government have good will towards its neighbors? Will they stop helping the Khmer Rouge and the other reactionary Khmers located on Thai territory? Will they

stop using the forces in the refugee camps in Thailand to resist the Cambodian people, and stop the infiltration from outside the country during the withdrawal of the Vietnamese volunteer forces from Cambodia as proposed by the 7 point proposal put forth by the PRK at the recent JIM?

Isn't it time that the Thai government implemented a policy of peace, friendship, and cooperation with its neighbors instead of continuing its policies of confrontation?

Commentator Scores Thai Support for Exiles, Khmer Rouge

42060046b *Vientiane VIENTIANE MAI in Lao*
16 Jul 88 pp 2,4

["Talk" column by S. Simouksavan: "A Cancer on the Land"]

[Excerpts] There is no place on earth where people can escape when they have a horrible cancer. The same goes for the cancerous ultrarightist Lao reactionary exiles and the cancerous and murderous Pol Pot clique who are being taken care of by some of the reactionary power-holders in Thailand. These reactionary power-holders are willing to open their arms to them and sacrifice a vast land to be a hiding place for these two cancerous groups, allowing them to become bloated by devouring the flesh and blood of the Thai people. It is the Thai people who are the owners of the country and who are shouldering the debt incurred by the nation's leaders as they follow the policy of the imperialists and the international reactionary power cliques.

We are progressive people of the world who love peace and justice. Why do we say that the ultrarightist Lao reactionary exiles and the genocidal and murdering Pol Pot-Ieng Sary clique are a cancer on the land in Thailand? Why do Thai ultrarightist reactionaries take care of these people? What good is it for Thailand and its people when this cancer on the land is cared for? What are the benefits that these people have brought to Thailand?

Before the liberation of the three Indochinese nations, the ultrarightist reactionaries who controlled the fertile land of these three nations committed uncounted and unforgettable crimes against the countries and their peoples. The ultrarightist Lao reactionaries gave their lives to the American imperialists and neocolonialists, betraying their country and enslaving their people. They have suppressed and resisted the revolutionary forces and the progressive peoples on purpose in order to stop Laos from purging itself of its national traitors, and they have provided them with a place to flee. It is because of their evil that the blood of the Lao people had to be shed in the national liberation. Before they were thrown out of the country, what they left as a monument to the Lao people was ignorance, backwardness and hardship for the people of ethnic groups, the result of their being poisoned by the ideology of the neocolonialists. The

factories that they begged from foreign countries were installments for murder, such as liquor, training for prostitution, and factories that produced opium and marijuana and traded illegally. They also left as disabled those whom they had forced to become soldiers and to fight against the revolutionary forces. Even now the memory of their crimes remains with the Lao people. Wherever they are, these things remind us of the unforgettable pain they inflicted.

In just a few years, the PRK under the rule of the murdering and genocidal Pol Pot-Ieng Sary clique saw over 3 million Cambodian lives destroyed. After the complete liberation of the three Indochinese nations from the ultrarightist Lao reactionaries and the genocidal Pol Pot-Ieng Sary clique, it is regrettable that the ultrarightist reactionary clique in Thailand sees the Lao reactionaries as loyal friends and uses them as a tool to request assistance in the form of "humanitarian funds for refugees" from the imperialists, meanwhile using the funds for their own profit. While the Thai people are working and sweating to build their country, this cancerous group challenges the laws of Thailand itself by robbing and killing the Thai people and going across the Thai border to create unrest in the Indochinese nations. They lured people across the Mekong River to sell them into prostitution, and they engaged in illegal trade and robberies along the border. This group continues to cause many problems for the local Thai officials. They are untouchable because this bellicose group has received special treatment from the Thai leaders. Some of the Thai ultrarightist reactionary power-wielding cliques, however, are using this group of people, despised by the world, as their henchmen to resist the revolutionary forces and to create unrest and problems in the relations between Thailand and its neighboring countries. These cliques have used the murderous and war-thirsty people to make a living by begging from a foreign power until they become swollen with greed. In general Thailand has received no benefit from the two war-thirsty and murderous groups. While other nations of the world are demanding that none take care of these groups, the Thai people really should exercise their right as owners of their country to chase them from their country. It is better to use the land for gardening than to make it a place for these despised groups to rest and enjoy a happy life, which the Thai leaders are now doing. The Thai people should realize that as the cancer swallows their land, little by little, the land will become marshes of the blood and tears of the Thai people themselves. It is not too late for the Thai people to exercise their right to cut away this cancer from their land for the happiness and hope of the Thai people, as well as for the people in the neighboring countries who wish to live with peace, stability and love always.

Luang Prabang District Banking Activity
42060047a Vientiane PASASON in Lao 20 Jul 88 p 2

[Text] Along with encouraging the people to deposit money in the local branch of the state bank, during the first 6 months of 1988 the Nam Pak District bank in Luang

Prabang Province loaned companies and stores a total of 4.5 million kip in order to carry on operations, produce goods, and help improve the people's standard of living.

Editorial Hails, Faults Election Procedure
42060047c Vientiane PASASON in Lao
16 Jul 88 pp 1, 4

[Editorial: "Promote Good Points, Eliminate Weaknesses in District-Level Election in Order To Ensure Success of Future Elections"]

[Excerpts] Recently, Vientiane Capital held a meeting to summarize the lessons concerning the organization of the second nationwide election of district-level people's representatives. The purpose was to discover the strengths and weaknesses. Based on this, those at the meeting summarized various problems that will provide us with good lessons for organizing future elections of district, provincial, capital, and central-level people's representatives and ensure future success.

The election of district-level people's representatives that was held on 26 June 1988 went very smoothly. A total of 97.8 percent of the people eligible to vote exercised their right to vote. That is a very high percentage.

Our achievements are very laudable. But at the same time, we still have certain weaknesses that must be overcome. For example, a number of people do not really understand the meaning of democracy with respect to the election of representatives. We have given people a broad overview of this but have not gone into this in depth. Moreover, we have not followed the guiding line of the Secretariat of the Party Central Committee, which calls for mobilizing all citizens to participate in the political process using the party units as the foundation. At the same time, in selecting candidates, many localities had to repeat the process several times, because things were not done correctly in accord with the guidelines set by higher echelons. Also, there was a lack of coordination between the party committees and the organizational bodies. Many localities wanted to increase the role of the Lao Front for National Construction. Some localities put cadres on the election committees. Some localities did not think that the election was the responsibility of every organization and so they did not cooperate with their election committee. Another important weakness is that the various-echelon election committees, including a number of central-echelon cadres, did not adhere strictly to the law on the election of people's representatives or follow the guiding documents concerned. This created problems in carrying out the work and caused trouble for the bases.

Phong Saly Trade Volume Increases
42060047d Vientiane PASASON in Lao 18 Jul 88 p 1

[Text] Since the beginning of this year, the Phong Saly provincial trade company has doubled the volume of trade with the people.

During this period, the volume of trade between the state and the people in the province increased to more than 180 million kip. In this, the purchase of forest and agricultural products increased to approximately 57 million kip.

Today, the trade system in this province has expanded greatly as compared with last year. For example, trade branches have been opened at production bases in almost every district. Every canton has its own store.

Collective Agriculture Production Still Pushed in Savannakhet

42060047e Vientiane PASASON in Lao 18 Jul 88 p 2

[Article by Ketmouang: A Few Lessons in Switching to Collective Agriculture in Savannakhet Province“]

[Text] Savvanakhet Province has a total area of 21,700 square km and a population of more than 600,000 people, the largest in the country. Last year, the provincial party and administrative committees encouraged the farmers to turn to collective agriculture. As a result, more and more people have voluntarily become involved in collective agriculture. For example, by 1987 the number of families belonging to collectives had reached 40 percent of the total number of farm families. They were engaged in collective life at different levels, but most were still carrying on private production, being members of collectives in name only. During the past period, marketing cooperatives have been established. Some of these units have achieved outstanding results. Among these are the foodstuffs cooperative of Mr Sisavat, the marketing cooperative at Tha Kong in Sepone District, and the Nok Kok Cooperative.

However, there are still many weaknesses. As compared with the party's line, the establishment of cooperatives has been carried on too hastily. This has not been done based on the real situation in the province, that is, the production bases. Various methods have been used to compel the people to join cooperatives. For example, private producers have not been given support. They have not been sold fertilizer and other items. As for production, only rice has

been produced. Little attention has been given to growing other types of crops or raising livestock. The development of supervisory cadres and the introduction of modern technology has not kept pace with the expansion of the agricultural cooperatives. As a result, productivity has not increased. The “three benefits” principles have not been implemented in a timely manner.

These weaknesses and shortcomings are due to old ways of thinking, such as trying to imitate developed fraternal socialist countries, and impatience. As a result, coercive measures have been used, and people have not fully understood the party's lines and policies or the real situation. Cadres have not been developed in a timely manner. They are not knowledgeable about this field. Stimulating production has not kept pace with purchasing. No consideration has been given to prices and markets.

Thus, from now on, the expansion of the agricultural cooperatives must be carried on by moving from small to large and from bottom to top. This must be carried on based on the awareness and voluntary actions of the people and on implementing the “three benefits.” Attention must be given to developing the cadres with capabilities in this field. Stimulating production must be carried on in conjunction with finding markets and following the pricing policy. At the same time, attention must also be given to allowing the agricultural cooperative members to carry on production at fixed prices. An effort must be made to build cooperatives with several sectors and gradually build an all-round cooperative system.

11943

Agreement on River Port Construction Signed

*BK1709101388 Vientiane KPL in English
0905 GMT 17 Sep 88*

[Text] — Vientiane, September 17 (KPL)—An agreement on the building of a river port at Kilometer 4 in Vientiane was signed here on September 15 between Laos and Japan. According to the signed agreement, the building cost of the port is 340 million yen (Japanese currency) and the first phase will be completed by March next year.

Trade Agreement With Iran Signed

42130002b Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Aug 88 p 13

[Text] Kuala Lumpur, 8 Aug—Malaysia and the Islamic Republic of Iran today for the first time signed a memorandum of understanding that will further facilitate trade relations between the two countries through several official regulations on payments and banks.

The meeting was held at the Central Bank here between Governor Tan Sri Jaffar Hussein and Majid Ghassemi, governor of Bank Markazi Jomhouri Islami Iran.

The memorandum of understanding will permit Malaysian exporters to obtain letters of credit (LC's) certified by a consortium of four local banks, which are Bank Bumiputra Malaysia Berhad, Malayan Banking Berhad, United Malayan Banking Corporation, and Bank Islam Malaysia Berhad.

This step was taken because Iran traditionally has not used LC's in its trade with other countries.

On Iran's part, Bank Markazi has appointed six banks for the same purpose. They are Bank Melli Iran, Bank Sepah, Bank Saderat Iran, Bank Tajerat, Bank Mellat, and Bank of Industry and Mining.

Tan Sri Jaffar said in his statement that the memorandum is a result of the visit to Iran by Minister of Finance Datuk Paduka Daim Zainuddin in March of this year.

During his visit, the two parties had signed an agreement that identified sectors with possibilities for cooperation between their countries and that included arrangements for banks and payments.

He said the basic obstacle to growth of trade between the two countries during recent years has been the question of certified LC's.

He said Malaysian exporters prefer trading using certified LC's, and, because Iranian importers did not use them, the exporters were not interested in increasing trade with the Islamic Republic.

To resolve the matter, he said, he had arranged the formation of a consortium of the four local banks to guarantee Malaysian exports to Iran.

Bank Markazi Governor Majid Ghassemi said the memorandum of understanding they had signed today is the first Iran has ever executed.

He said Iran had not felt it necessary to sign things like this because it gave more emphasis to brotherly relations with Malaysia.

Although Iran has been at war for 8 years, it has fulfilled all its economic and financial responsibilities, he said.

"Nevertheless, we have signed the memorandum because of Malaysia's request and the pressure it has brought to bear and because of our desire to expand economic and trade relations with this country," he explained.

Closer Ties, Business Investments With Mauritius Noted

42130003b Kuala Lumpur UTUSAN MALAYSIA in Malay 20 Aug 88 p 2

[By Sirajuddin Rafia]

[Text] Port Louis [Mauritius], 19 August—The official visit of Prime Minister Mahathir Mohamad to Mauritius has resulted in concrete investments by Malaysia amounting to 20 million Malaysian dollars. At the same time this proves that Malaysia is not "talking nonsense" in its efforts to open up opportunities for new investment which are available in Mauritius.

In addition to the investment of 10 million Malaysian dollars by Southeast Asia Bank Limited, which was jointly established by Prime Minister Mahathir and Sir Anerood Jugnauth, his opposite number in Mauritius, it was disclosed on 18 August that a further 10 million Malaysian dollars were being invested by South Pacific Textile Industry Limited (SPTI) to build a textile plant in these Indian Ocean islands.

Officials who are accompanying the visit of the prime minister consider that this investment is a "curtain raiser" which proves Malaysian sincerity in making new investments in Mauritius, most particularly in seizing the opportunity to open up a broad market in Africa and in countries of the European Economic Community.

When announcing their decision to invest capital in Mauritius these two investors admitted that they had made their decisions in the hope of opening new markets in the countries of southern Africa and in the EEC, and in response to attractive offers made by the Mauritius Government to invest in this country.

They said that, as a country belonging to the Lome Convention, which permits small or backward countries to export their products outside of any quotas to developed countries, Mauritius offered a very attractive opportunity for Malaysian businessmen to do business here.

It was added that the Mauritius Government has a business tax of 15 percent, which is considered the lowest in the world, in addition to a policy which fully recognizes that foreign owned companies can do business in this country. This makes Mauritius a very attractive country for capital investment.

Basir Ismail, chairman of the Bank Bumiputra who is also chairman of the Southeast Asia Bank Limited, said that the establishment of this bank in Mauritius is the result of discussions held between the Malaysian trade and investment delegation and Mauritius Government officials here.

He said that the bank hopes to provide the best services, based on the services offered by the banking industry in Malaysia itself.

He said: "However, this bank will always be sensitive to and will obey the guidelines established to meet the aspirations of the Mauritius Government. We will play a role in supporting the development of the banking and financial industry in Mauritius."

Basir said that with the large amount of capital which it is investing, this bank will have adequate capacity to provide a broad range of services and will facilitate and raise the level of business and trade among large business firms in Mauritius.

He said: "In this connection the bank will have available to it the experience and expertise of the Bank Bumiputra, which has assets of more than \$28.9 billion."

According to him, although bilateral trade between the two countries is still small, the bank is convinced that with the offers made by the Mauritius Government and the market prospects in Africa and the EEC this trade will increase and develop quickly.

Vincent Tan, business director of the South Pacific Textile Industry group, announced that its factory in Mauritius, which has been named South Pacific Textile Mauritius Limited, will be produce exports for the EEC and Africa.

According to him, this is the fourth SPTI investment overseas. Factories have also been opened in Jamaica, Puerto Rico, and Fiji, with capital totaling \$6 million. In Malaysia itself the SPTI has 12 factories with a capital of more than \$50 million and sales of more than \$75 million annually. During the first 6 months of 1988 sales have already amounted to more than \$55 million.

He said that on 18 August the SPTI signed an agreement with the Mauritius Economic Development and Investment Authority (MEDIA) to obtain a 50,000 square foot building for the factory.

The factory, which is expected to begin operations in January 1989, will produce textiles of all kinds including ready made clothing, using the "Nike" label. h1
MIC Takes Disciplinary Action

Vice President Expelled

42130180B Kuala Lumpur *BERITA HARIAN* in Malay
17 Jul 88 p 1

[Text] Kuala Lumpur, Saturday—the MIC [Malaysian Indian Congress] Disciplinary Committee today expelled Vice President Mr M.G. Pandithan for breaching discipline,

launching a hunger strike, and delivering a coffin to the party's home office.

Another vice president, Mr S.S. Subramaniam, had his membership suspended for a year for making a statement which questioned the authority of and belittled the party leadership.

In a news conference held here today, Datuk Dr K.S. Nijhar, chairman of that committee, said the decision taken in a meeting held this morning was effective immediately.

According to him the disciplinary committee made these decisions because it was dissatisfied with the explanations for their actions provided by Mr Pandithan and Mr Subramaniam, who also is a member of Parliament representing Hulu Selangor.

Datuk Dr Nijhar said Mr Pandithan was expelled mainly because of the "coffin affair" which sullied the image of the party.

Last month, Mr Pandithan started a hunger strike and brought the coffin to the MIC home office to "prove" he was not guilty of breaching discipline.

The committee also expelled 13 branch leaders who were accused of aiding Mr Pandithan in his hunger strike and delivering the coffin to the party's home office.

Of the 13 expelled, 8 were leaders of the Loke Yew San Peng Branch here, which was headed by Mr Pandithan, who also is the parliamentary secretary for the Ministry of Trade and Industry and a member of Parliament representing Tapah.

Datuk Dr Nijhar said 5 other leaders, including 4 from the Loke Yew San Peng Branch, also had their memberships suspended for the same reason.

"All those involved have the right to present a written appeal to the Central Operations Committee within 14 days from today," he said.

According to Datuk Dr Nijhar, the Central Operations Committee has the right to set aside or reduce the measures taken by the disciplinary committee if it is satisfied with the appeals and the explanations provided by those involved.

"Although we feel bad about this, we had to make these decisions to strengthen party discipline and to continue to be ready to face challenges in the future", he said.

Cabinet Position in Question

42130180B Kuala Lumpur *BERITA HARIAN* in Malay
17 Jul 88 p 1

[Text] Melaka, Saturday—the question of whether Mr M.G. Pandithan, the MIC vice president who was expelled, will be retained in the cabinet will be decided by the prime minister after he meets with the party leadership.

"Only the prime minister and the MIC leaders can determine Mr Pandithan's future in the cabinet," Deputy Prime Minister Mr Ghafar Baba said today.

Mr Pandithan, who also is the parliamentary secretary of the Ministry of Trade and Industry, was expelled from the MIC by the party's disciplinary committee effective today.

However, the committee gave him 2 weeks to enter an appeal.

Mr Ghafar said he could make no further comment on this expulsion because everything depended on what the prime minister and the MIC decided.

Meeting with reporters at the Ayer Keroh Country Club near here this afternoon, he also did not want to comment further on the suspension of another MIC vice president, Mr S.S. Subramaniam.

Mr Subramaniam was accused of making a statement damaging to the party leadership and this reflected badly on the MIC image.

Mr Pandithan began a hunger strike until death, and delivered a coffin to the MIC building to prove he was serious about this.

Mr Subramaniam's membership was suspended for 12 months because he breached discipline on 2 other occasions.

Plans for Navy Base at Sandakan Announced
42130002d Kuala Lumpur BERITA HARIAN in Malay 10 Aug 88 p 7

[Text] Sandakan, Tuesday [9 August]—A Royal Malaysian Navy (TLDM) base is to be built soon at Sandakan to face any threat to national stability in that area.

Deputy Minister of Defense Datuk Abang Abu Bakar Haji Mustapha said that construction of the base will begin when the tender process is completed and that it is expected to be ready by the end of next year.

Speaking here today at a ceremony for the transfer of ownership of jetty land at Sandakan by the state government, he said the estimated cost of the project is 3.5 million ringgits.

The base will include a pier, an office building, housing, and certain equipment for helping ships and also will be a training center for a TLDM reserve unit to be formed soon.

He said a TLDM base in waters east of Sabah needs to be created for security against foreign or domestic threats.

Datuk Abang Abu Bakar said that although such threats are not as serious now as in the past it cannot be denied they still exist.

He said Sandakan has a position that is strategic and important to national defense.

He said further that recent reports indicate foreign navy activity is increasing in that region and that the ministry should be alert to those developments.

"Therefore, I feel a TLDM base constructed here will fill a vacuum and will be able to monitor all foreign navy activity that may penetrate national waters.

"A Sandakan base will be important as a front-line defense because it is located at the center of the eastern coast of Sabah and far from Tawau and Labuan, where there are navy bases," he said.

Chief Minister Datuk Joseph Pairin Kitingan, who presented the certificate of transfer of ownership to the deputy minister, said there should always be close cooperation between the police and the public for the sake of the state's security.—BERNAMA

Purchase of Used Military Equipment Deplord
42130002c Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Aug 88 p 15

[Commentary by Aziz Ishak: "Are We To Continue Buying Used Defense Equipment?"]

[Text] Will Malaysia continue to be pressed to buy second hand defense equipment in the future?

This is the question now attracting the most attention as the government endeavors to upgrade the defense equipment of the Malaysian Armed Forces (ATM) to meet modern defense requirements.

Several plans to procure more sophisticated equipment have been drawn up after having been stalled because of the depressed economy for the last few years.

In order to proceed with the Armed Forces Expansion Plan (PERISTA), which also emphasizes materiel requirements, the government, through the Ministry of Defense, has identified several types of equipment to be bought for improvement of ATM capabilities.

They include fighter planes, submarines, radar systems, medium guns, and guided missiles. These items have been put in the top category.

The question is whether Malaysia will buy this equipment second hand, as it did in buying some defense equipment in the past.

The Ministry of Defense recently bought 6 British-made Wasp helicopters for use by the air branch of the Royal Malaysian Navy (TLDM).

Naval Commander Vice Admiral Datuk Sri Abdul Wahab Haji Nawawi announced on the recent 36th anniversary of the TLDM that it will buy six more of the helicopters in order to expand that branch.

But why must we buy used ones, since we must also consider long-term requirements for the latest technology, especially? How long must armed forces personnel be supplied with "used" technology, whereas military development these days is based on modern technology?

Although, according to Datuk Sri Abdul Wahab, the Wasps are 20 years old, they are still of good quality and are safe for use in both operations and training.

It should be mentioned that the Wasp helicopters cost 600,000 ringgits each and have been named "Squadron 499," which is Datuk Sri Wahab's military serial number.

Other pieces of equipment to be bought are submarines. Minister of Defense Tengku Ahmad Rithauddeen and Datuk Sri Abdul Wahab have announced, however, that the government possibly will buy used submarines, primarily for training use.

Some people feel that it would be best for Malaysia to buy new submarines in spite of the higher price. It would be more economical in the long term because frequent purchases would therefore not be necessary.

According to that viewpoint, officers and men should be sent overseas for training on the most modern submarines, which would be followed by purchase of submarines of the same type.

The TLDM would thus indirectly not fall behind in the latest technological developments, and this course of action would become a basis for the modernization that has been planned for the TLDM armada.

The practice of buying used equipment should be studied carefully, so that this country's defense sector will not become a "bazaar" for equipment used for years by the advanced countries.

We are certain to replace existing equipment, but let it have added value. In this matter, we should follow the example of Singapore and Indonesia, which push their defense industries to be less dependent on the outside.

Malaysia is now also identifying several types of fighter planes to be used by the Royal Malaysian Air Force. It is hoped that the purchase of these planes will take into consideration the country's requirements from the technology aspect.

The United States, Britain, and France apparently have agreed to sell their respective planes to Malaysia, namely the F-16, the Tornado, the Harrier, and the Mirage 2000.

Indeed, it cannot be denied that the prices of these sophisticated planes are high and will be a burden to the country. But these are the current market prices, which must be borne by the developing countries as long as they do not stimulate their own defense industries.

It is clear that some of the existing materiel and equipment must now be replaced because it has been in use for more than 2 decades. Some of it also was "second hand stuff."

Debate To Begin on Final Draft of Labor Law Amendments

42130003a Kuala Lumpur UTUSAN MALAYSIA in Malay 19 Aug 88 p 2

[Text] Kuala Lumpur, 18 August—The latest draft of the proposed labor law amendments is ready and will be submitted to the cabinet as soon as possible. This was stated by Minister of Labor Lee Kim Sai on 18 August. However, he was unwilling to comment any further on the latest draft.

He said that the draft labor law amendments will be presented in Parliament, which is scheduled to meet in the middle of October.

Lee made this statement to reporters after presiding over a meeting of the Malaysian Employers Federation (MEF) which was held at the Hotel Ming Court in Kuala Lumpur.

The draft labor law amendments bill was originally scheduled to be presented to Parliament in July. However, this was postponed to provide time to labor unions to express their respective views.

In his speech at the opening session of the MEF the minister said that the initial, overall study of the amendments was, among other things, to ensure that labor-management relations contribute to national economic development.

He said the study was not intended to destroy the rights of the workers, as has been charged by about half of the trade unions.

He stated: "This is only one step in considering a number of existing weaknesses, and in comparing our labor laws with the labor laws in Thailand, Singapore, Japan, and the United Kingdom."

He also declared that the study was intended to straighten out the labor laws of this country in order to deal with these weaknesses in accordance with national social and economic conditions at this time.

He hoped that after the amendments are enacted the labor laws of this country will be comparable to the same kind of laws in other countries.

According to the minister, on the basis of the study referred to above, the government has decided to draft several special provisions covering the workers, such as authority to reduce to more reasonable levels the payment of overtime on public holidays and for ordinary sick leave. He added that these reductions will not affect the salaries and rights of the workers.

He also said that the government, after careful discussions with the representatives of management and employees, has decided to prepare a number of changes to resolve management problems which do not affect decisions by the commercial courts.

He is convinced that when the draft labor law amendments are approved by Parliament, this will meet the dual objective of assisting economic development and raising the level of protection of the workers.

Academician Calls for Increase in Science Budget
42130180C Kuala Lumpur UTUSAN MALAYSIA in Malay 17 Jul 88 p 4

[Text] Kuala Lumpur, 16 Jul—The budget for science and technology education must be increased if the governments want to see Mulims think of technology as one aspect of science and research, an academician said today.

Professor Tan Sri Ainuddin Abdul Wahid, vice chancellor of the Malaysian Technological University (UTM), said budgets for education in advanced nations such as the United States, Japan and Germany comprised about 2.5 percent of their gross national products (GNP).

He said Dr Abdus Salam, who writes for the International Center for Theoretical Physics (in Trieste), recommended that 4 percent of the national education budgets of developing countries be allocated to basic science development in universities and to train scientists and technologists.

In a paper entitled, "Technology As One Aspect of Science and Research Which Must Become the People's Way of Life," presented at the 1988 Nury Convention held here, the professor said Dr Abdus Salam also explained that almost all developing countries indirectly stressed that technology was important for equipping their countries to be self-sufficient in the technological field and at the same time self-sufficient in technology for their defense.

Manufacturing Capability Needed

Professor Tan Sri Ainuddin remarked that actually the Trieste writer's recommendations could not easily be implemented, but Malaysians must confront the technology question responsibly and really try to raise technological capabilities.

He said this country clearly was technologically weak in view of the fact that Malaysia still was not capable of processing its great number of natural resources.

For example, rubber, a natural resource this country has had long since before it became independent, still is being exported in great amounts as a "raw material."

"Malaysia should be the primary exporter of manufactured goods produced from rubber, but unfortunately we reimport our rubber as manufactured items," he said.

The same is true for other natural resources such as trees, minerals, and petroleum, he said.

Dr Wan Mohd. Zaid Mohd. Nordin, director of the Ministry of Education's Curriculum Development Center who presented a paper entitled, "The Concept of Brilliance in Schools," said everyone was responsible for educating, encouraging and offering rays of hope to students to enable them to meet any challenge and to find out what they are capable of doing.

He said the public in general placed the highest hopes on the educational system of this country, but without the involvement of everyone in the education process, progress could not be achieved.

Government Approves Civil Service Pay Increase
42130002a Kuala Lumpur UTUSAN MALAYSIA in Malay 6 Aug 88 p 1

[Report by Rozaid Abdul Rahman: "CUEPACS: Government Agrees To Raise Wages"]

[Text] Kuala Lumpur, 5 Aug—A. Ragunathan, president of CUEPACS [Congress of Unions of Employees in the Public and Civil Services], said today that the government has agreed in principle to raise the wages of civil service employees in groups A, B, and C after the national budget is presented in October.

The increase has been postponed for 2 and ½ years.

If implemented, the wage adjustments will cost the government 268 million ringgits.

According to Ragunathan, agreement in principle was reached after he met privately with Minister of Finance Datuk Paduka Daim Zainuddin for an hour this morning.

The president of CUEPACS described this latest development as the good news awaited for 2 and ½ years.

Speaking at a press conference at CUEPACS Headquarters here this morning he said:

"In the meeting we requested this morning, the issue of wage adjustment claims for civil employees in groups A, B, and C was discussed seriously and in depth by both parties.

"With pleasure, I want to inform all civil employees that the government has declared its full commitment to adjustment of wages for the three groups after presentation of the 1989 budget.

"As president of CUEPACS and chairman of the Adjustment Council of the MBK [National Joint Council]-CUEPACS, I was assured by Datuk Paduka Daim that our claims for wage adjustment will be fulfilled or resolved before November."

CUEPACS Secretary-General Mohamad Abas, who participated in the press conference, added:

"CUEPACS is now one hundred percent convinced that the government will satisfy our claims after presentation of the budget. We consider that the government has agreed in principle to the 1985 wage adjustment."

This was the second meeting between CUEPACS and the minister of Finance and was an outgrowth of the first meeting, which was held on 28 April when 24 union officials met with the minister.

Ragunathan declined to reveal fully the forms of the increases.

He said, however, that the cost of the wage adjustment claim will be 268 million ringgits and that this figure has been taken into consideration and approved by government and union representatives based on the consumer price index (IHP).

Ragunathan added that these discussions on wage adjustments did not include claims for allowance increases of 110 ringgits for division IV, 170 ringgits for division III, 250 ringgits for division II, and 350 ringgits for division I.

Ragunathan said he had expressed to the minister of finance the concern of civil employees over the wage adjustment, since government employees are 2 and 1/2 years behind in wage increases.

CUEPACS and the five MBK's have sought wage increases for these three groups since 1985. Their claims are as follows:

- Group C: 65 ringgits, an 18 percent increase based on the IHP,
- Group B: 85 ringgits, a 15 percent increase, and,
- Group C: 130 ringgits, a 12.5 percent increase.

The agreement reached today does not include employees in group D, because the government gave them 50-ringgit raises in two adjustments in 1985 and 1986.

Meanwhile, the MBK, Staff Side, for Statutory Bodies will decide in its Working Committee meeting tomorrow whether to continue its strike in view of today's latest developments in wage adjustment talks.

When its secretary, Mustafa Johan Abdullah, was contacted today, he said he was reluctant for now to make

any comment on the government plan to raise wages for groups A, B, and C, as announced by CUEPACS President A. Ragunathan this morning.

Socialist People's Party Members Intend To Join UMNO

42130003c Kuala Lumpur *UTUSAN MALAYSIA* in
Malay 20 Aug 88 p 3

[Text] Johor Baharu, 19 August—A group of 400 members of the Socialist People's Party of Malaysia [Parti Sosialis Rakyat Malaysia—PSRM] and supporters of independent and opposition elements in Johor Baharu announced on 19 August that they will leave their party and join UMNO [United Malay National Organization]. Their announcement was made in the presence of Muhyiddin Mohammed Yasin, chief minister of the State of Johor.

In connection with this statement of their intention to leave their party 300 of them completed application forms to become members of UMNO (Baru) [the New UMNO].

Previously, they paraded over a 1 kilometer route to the residence of the chief minister in the Saujana area, carrying the banners of various opposition parties which they had supported up to now. During the parade they shouted slogans such as, "Long Live the National Front," "Long Live Mahathir," and "Long Live the Chief Minister."

The meeting at which they announced that they would leave their parties was chaired by Osman Sopian, former secretary of the PSRM in Johor, and Mohamad Amin, former independent candidate who represented the DAP [Democratic Action Party] in the general election for the Bekuk district. They were followed by their supporters from various ethnic groups, some of whom were women.

Previously, Osman Sopian had also held the position of chairman of the PSRM youth group in Johor, was a member of the Executive Council of the central organization of PSRM youth, and was treasurer of the PSRM in the State of Johor.

He also ran several years ago in a general election as PSRM candidate for the Pontian [of the State of Johor]. However, he was defeated by the National Front candidate.

When he spoke at the meeting, Osman declared that the action which he and his followers had decided on to leave their party had been taken of their own free will and without any pressure or at the demand of any group. They were tired of the empty policies advocated by the PSRM up to now.

He said that he detested the policies of the PSRM, which were only in its own self-interest, without considering the interests of the people.

He said: "We have not merely promised to support UMNO and the National Front. We have promised to try to ensure the victory of the National Front candidate in the parliamentary by-election in Johor Baharu.

"I myself will join in the campaign by speaking in public at the request of the National Front to make clear the empty policies of the PSRM party," he concluded.

Israel Offers Military Assistance

44000007z Port Moresby POST-COURIER in English
31 Aug 88 p 4

[Excerpt] The Papua New Guinea Defense Force is to have a military personnel exchange program with the Israeli Army.

The exchange package is believed to be among military assistance being offered by the Israeli government.

Talks on the proposals will be held today when the Suva-based Israeli ambassador to PNG, Mr. Zohar Raz, meets Defense Minister Arnold Marsipal and his senior defense personnel.

Other military matters to be discussed at the meeting include possible military arms purchase from Israel, and a further purchase of the Israeli-made Arava aircraft for the PNG air squadron.

Ambassador Raz presented his credentials to the governor-general, Sir Kingsford Dibela, at Government House early yesterday morning.

Mr. Raz said that the Israeli government was very keen to strengthen its relations with PNG by improving trade relations, among other things.

He added that Israel was rich in know-how and willing to share its expertise with other countries.

Sir Kingsford said in reply that PNG was also keen to promote trade and economic cooperation with Israel.

He said: "PNG is endowed with natural resources in such areas as minerals, forestry, and fisheries and would welcome investment from Israel to assist in the development of these resources."

**Survey Shows Drop in Margin of Confidence
Toward Washington**

42000439d Manila THE MANILA CHRONICLE in
English 11 Jul 88 p 4

[Article by Mahar Mangahas: "What Filipinos Think
About the U.S. and Its Bases"]

[Text] A number of recent newspaper items have been
speculating on what might be the result of a referendum
on the U.S. bases. What does the survey data bank of
Social Weather Stations have to say on this matter?

The first general issue is the extent of trust of Filipinos in
the sincerity of the U.S. Government. We have been
monitoring this by means of the following test statement:

"Karamihan sa mga hangaring mangyari ng gobyerno ng
U.S. sa Pilipinas ay nakabubuti sa mga Pilipino. [Most of
what the U.S. Government wants to happen in the
Philippines is good for the Filipinos.]"

Note that this refers not to the American people but to
the American government. The percentage who agree
with this statement minus the percentage who disagree
with it is what we term as the margin of confidence
among Filipinos in the U.S. Government's intentions.

The allowances for sampling error in these surveys are
plus or minus 3 per cent for national level and plus or
minus 6 per cent for the Metro Manila level.

Our surveys have resulted in the following margins:

July 1985—36 percent (Philippines), 16 percent (Metro
Manila)

May 1986—40 percent (Philippines), 17 percent (MM)

October 1986—36 percent (Philippines), 17 percent
(MM)

September 1987—not available (Philippines), -7 percent
(MM)

October 1987—26 percent (Philippines), 6 percent
(MM)

March 1988—not available (Philippines), 6 percent
(MM).

One can see that Metro Manilians are much more
skeptical about the U.S. Government than Filipinos as a
whole. The surveys also show that the margin of confi-
dence has dropped substantially over the past three
years; it was even negative in Metro Manila last Septem-
ber, due, we think, to the reports of possible partisanship
of some U.S. officials with the Honasan group.

The first time we had a survey item on the U.S. bases was
in July 1985. The item, in the agree/disagree format, was
rather crude: "The U.S. bases should be kept in the
Philippines." The result was that 43 per cent agreed and
23 per cent disagreed.

Late in 1986, Leticia Shahani, impending senatorial
candidate, rightly pointed out that the survey item had
no time frame. We agreed with her that the July 1985
results did not imply that the dominant view among
Filipinos was to host the U.S. bases forever, and prom-
ised to improve the item wording.

Since then we have, first of all, checked on the awareness
of Filipinos about the bases. In March 1987, 33 per cent
said they were unaware of the bases; in October 1987 this
was 26 per cent. (The high unawareness rates are in rural
Visayas and rural Mindanao.)

Then the survey interviewer informs the respondent that
the present bases agreement expires in 1991, and asks
him/her to choose which among certain preformulated
options on the bases is closest to his/her opinion.

One option is to retain the bases even beyond 1991
under the present arrangement, on the explicit premise
that Philippine benefits from the agreement are already
large. In March 1987, this option was chosen by 32 per
cent; in October 1987 it was only 22 per cent.

This 'Rightist' sentiment for keeping the present bases
agreement is, interestingly enough, more popular in the
urban areas than in the rural ones. Nevertheless, it is
clearly declining over time. In Metro Manila, this senti-
ment was held by 42 per cent in March 1987, by 36 per
cent in October 1987, and by only 30 per cent in March
1988 (no national survey is available yet for 1988).

A second option is to remove the bases as soon as
possible, without waiting for 1991. This 'Leftist' option
was chosen by 7 per cent in the first survey and by 5 per
cent in the second; there is no real difference between the
two.

A third option is to just allow the bases agreement to
terminate in 1991, without renewal. This got 12 per cent
the first time and 8 per cent the second time, which is
only a slight change.

A fourth option is that the decision to retain or not to
retain the bases after 1991 should depend on whether the
Philippines gets enough additional benefits (the term
used is pakinabang) from the new agreement. This rose
significantly from 15 per cent in the first survey to 24 per
cent in the second, and so has just about overtaken the
'Rightist' option in terms of popularity.

The difference between the sum of the scores on the four
options and 100 per cent is accounted for by those
unaware of the presence of the bases and those aware of

them but with as yet no clear stand on them. These were 31 percent in the October survey, or more than enough people to tilt the balance, and are the obvious target for referendum lobbyists.

We at SWS see the nuclear arms question as a most significant factor in the steady evolution of Filipino public opinion away from keeping the status quo on the U.S. bases.

The presumption that the bases have nuclear weapons, whatever the U.S. government admits or does not admit, has been growing very rapidly in Metro Manila: 56 per cent in March 1987, 61 per cent in October 1987 and 71 per cent in March 1988. This trend is bound to spill over to other urban areas and even to rural ones.

All in all, the survey data point to a great erosion of implicit trust among Filipinos for the U.S. Government and to a rapidly growing dissatisfaction with the bases agreement in its present form. In the long run, government officials will have to make their decisions within the constraints of domestic public opinion, as much in the Philippines as in the United States.

Aquino Halts Controversial Del Monte Expansion
42000443d Manila THE MANILA CHRONICLE in English 23 Jul 88 pp 1, 11

[Article by Tress Reyes: "Aquino Acts on Del Monte Controversy"]

[Text] President Aquino yesterday directed Agrarian Reform Secretary Philip Juico to stop the expansion program of the transnational firm Del Monte Philippines Inc. in Bukidnon where some 100 farmers have threatened to counter with occupation of foreclosed, idle and abandoned lands.

At the same time, a top executive of Del Monte urged Juico to declare private lands on lease to the fruit company under a growers' agreement "not subject to immediate disposal under Carp," the Comprehensive Agrarian Reform Program.

Juico said after he briefed the President on the Del Monte issue yesterday that she had told him: "Tingnan mo muna at baka hindi naman dapat mag-expand [word indistinct] Del Monte). Pag-aralan mo muna." ["Look into it first; Del Monte might not be capable of expanding. Study it carefully first."]

As a result, Juico declared that the status quo be maintained on the matter pending an investigation by the Department of Agrarian Reform. He said he would go personally to Bukidnon to look into the situation.

Del Monte, a U.S. transnational corporation which cans pineapple and is listed as one of the top 1,000 firms last year, drew protests from Bukidnon farmers when it

started leasing idle, foreclosed and abandoned lands under growers' agreement from absentee landlords apparently for its expansion program.

In a letter to Juico dated July 20, Del Monte vice president for personnel and industrial relations Michael Clark requested the exemption of the leaseholdings from immediate application of the land reform program. A copy of the letter was obtained by the CHRONICLE yesterday.

The other day, leaders of farmers groups in Bukidnon accused Del Monte of violating Republic Act 6657, the legislation implementing Carp, which requires the immediate distribution of foreclosed, idle and abandoned lands. They also charged that the company's expansion program was depriving land reform beneficiaries of their right to own these lands.

Over the past two months, Del Monte has taken over 343.2 hectares of land in the towns of Impasug-on and Sumilao.

To stop the takeover, farmers belonging to the Seed Movement (Stop the Expansion and Exploitation by Del Monte) and Kaanib formed a human barricade to block the entry of Del Monte's bulldozers into the expansion areas two weeks ago.

In response, Del Monte prepared its official position on the case, and a draft of the statement was sent by Clark to Juico.

The CHRONICLE obtained a copy of the document with the heading "Notice to all Employees" which provided facts and figures on the company's reply to the charges made by Kaanib and Seed Movement "so that you (Del Monte employees) are able to counter these complaints should you be asked."

Signed by Clark, the notice said that "there is no substance" to any of the claims of the two farmers' groups.

"The fundamental issue ... is not negotiable. We will not be dictated or blackmailed by radical, minority groups who believe that under the guise of 'people power' they can snub their noses at the normal codes of behavior and set themselves above the law of the land," the paper read.

The document explained that the "pineapple expansion allegation" is false because the company today has 513 hectares of private lands under growers agreements in Impasug-on, which is only a little bit more than what it had in the municipality four years ago. However, this is only part of the 1,500 private grower arrangements which the document claimed Del Monte now holds.

The Del Monte document said no expansion had been programmed because "our projections for the next few years do not anticipate any significant increase in the demand for pineapple from this country."

However, it stressed there was no assurance the company would not expand operations in the Impasug-on area. "In any case, the Kaanib group has no right to tell the company where it can or cannot expand," it said.

To the charge that Del Monte's plans would displace tribal communities in the areas, the firm said it has "absolutely nothing to apologize for" since it has done more than most to work for the assimilation of cultural minorities into the mainstream of Filipino society.

The paper also described as "ludicrous" claims that Del Monte's expansion scheme is a device to circumvent RA 6657. It stressed that it was one of the few large agribusinesses in the Philippines that had already prepared a proposal for the acquisition of land by their workers under the land reform law. The plan has been submitted to DAR, it said.

Finally, the statement gave a description of Kaanib but this portion was scratched out. It said that Kaanib is a small group of militant farmers numbering 100 who, from time to time, are joined by "a mixture of radical students and others looking for a cause against which they can campaign."

Kaanib, according to the paper is "widely-believed to be funded from overseas, like many cause-oriented groups."

In a press conference the other day, Kaanib chairman Leonardo Uy said his group is affiliated with Pakisama, a national alliance of farmers' organizations committed to agrarian reform and rural development.

Capital Regional Commander Blames Communists for Manila Political, Economic Unrest
42000439b Manila THE MANILA CHRONICLE in
English 10 Jul 88 p 3

[Text] The military yesterday blamed the communists for sowing political and economic instability by inciting the people to take to the streets, disrupt factory operations, paralyze transport system and engage in other mass actions against the Government.

Brig. Gen. Rodolfo Biazon, National Capital Region Defense Command (NCRDC) chief, told a press briefing at Camp Aguinaldo that communists were creating a situation in Metro Manila similar to that in Davao City three to four years ago in their effort "to heighten their revolutionary struggle."

He blamed the communists "agitators" for the sustained strikes in some industrial firms, schools, transport system and in other business establishments. Biazon said the communists would not stop until they had dismantled the present political structure and the economy collapsed.

The communists use deception, intimidation, and other tricks to get the people to fight the Government and supplant it with another system of government, he said.

Biazon revealed that in Metro Manila, up to 18 barangay in the north had been heavily infiltrated and influenced by the communists.

He said most of them are in Valenzuela, where many industrial plants, garments factories and other business establishments are located.

The communists had succeeded in infiltrating the ranks of the workers, thus controlling many labor unions and organizations in the area, Biazon said.

He said these communists would agitate the laborers to go on strike and force the factories to stop operations.

"The more hungry people, the better," Biazon described the strategy of the rebels to turn Metro Manila into a battleground for both armed and political warfare.

He said the rash of killings, even of civilians, in the metropolis was proof of the rebels' plan to turn Metro Manila into another Davao City three to four years ago.

"*Iyan ang tools nila na ginamit sa Davao, [Those are the tools that they need in Davao]*" he stressed, citing the mobilization of people against the Government like the Welgang Bayan [National Strike] that fizzled out last week.

Biazon called on the people to close ranks with the Government and the military in order to defeat the insurgency.

"*Huwag tayong pa-loko sa kanila [We shouldn't be fooled by them.]*" They are not after reforms. What they want is the total destruction of our political and economic structures so they can take over," he said.

Meanwhile, communist guerrillas Saturday accused President Aquino of tolerating attacks by Right-wing deaths squads on human rights activists and pledged reprisals against government and military targets "to account for these crimes."

The National Democratic Front said in a statement sent to news agencies that it was futile for victims of Right-wing attacks to expect justice from Mrs Aquino's Government and urged them to support the 19-year-old communist insurgency instead.

The Front is the political wing of the outlawed Communist Party of the Philippines, which has been waging a guerrilla war to topple the Government and establish a Marxist state in the Philippines.

"The Aquino Government and its U.S. backers cannot escape their full responsibility for the crimes committed by forces of state terrorism against the people," the

statement said. "At the same time, unofficial death squads have killed a mounting number of prominent individuals who had courageously made common cause with their suffering countrymen."

"By its declared total war policy and refusal to heed popular clamor against state-sponsored terrorism, the U.S.-Aquino regime is called to account for these crimes," the statement added.

Columnist Gives Personal Description of Captured NDF Leader

42000439e Manila *THE MANILA CHRONICLE* in English 12 Jul 88 pp 4, 5

[Article by Paulynn P. Sicam: "The Rebel Who Fought for Peace"]

[Text] Yesterday's newspapers carried reports about the capture of yet another communist leader. The man is Jorge Madlos who, according to military reports, is head of the Northeastern Mindanao regional party committee and an alternate member of the Central Committee of the Communist Party of the Philippines.

Although I met him only briefly in January last year just as the prospects of attaining peace between Government and rebels were starting to dim, I felt that he and I had much in common.

I liked him instantly. For Jorge and several other National Democratic Front leaders in Mindanao had made an uncommon stand for the preservation of peace in the South even if the peace talks failed on the national level.

Together with religious, political, military and civic leaders in Northeastern Mindanao, the NDF there participated in an orgy of friendship in peace that had soldiers and NPA guerrillas sharing quarters, meals, basketball games and in some places, military patrols. They were doing this, Jorge said, because the people wanted peace.

He did too. I am sure of it. In fact, Jorge revelled in it. At a press conference called by the NDF in Davao City on Jan. 14, 1987, Jorge made his comrades in Manila look like war freaks. He said that although violations of the ceasefire agreement were being committed by the Armed Forces in Mindanao, he would discuss these only with the military in the ceasefire committee which, he emphasized, was the proper venue for them. There was no point in derailing the peace efforts going on in Manila with such irritants, he said. In contrast, the NDF and the Government panels in Manila were locked in a bitter exchange of charges and countercharges of bad faith.

I covered Jorge and his companions when they went to Davao City Hall where they hoped to pay a courtesy call on then Mayor Zafiro Respico, to Camp Capinpin to extract guarantees of their safety from then Regional

Commander Gen. Romeo Recina, and then to Matina to discuss with presidential adviser Jesus Ayala the prospects for a long-term peace in the island of Mindanao.

With Recina and Ayala, Madlos was relaxed, friendly, and, I felt, sincere. And during the long cab rides through the highways of that big city, he spoke of the need for the NDF to show good faith, to preserve the peace, since that was the sentiment of the people. It was possible in Mindanao, he said. And when I asked him how his position could be reconciled with that of the national leadership which had stated unequivocally that it would not tolerate any regional ceasefire, he only shook his head sadly saying he would have to argue for it.

I returned home to Manila that night with a warm feeling about the NDF in Mindanao. The national party leadership, especially those who were taking a hard line at the national peace talks could learn a lot from them, I thought.

The following day, I was surprised to see Jorge at the site of the peace talks in Quezon City in the company of Satur Ocampo's security men. But before I could cry out in recognition, he put a finger to his lips. "I am nobody, you understand," he whispered. "Don't introduce me to your media friends." Which was just fine with me. I had a news source all to myself.

He wouldn't tell me why he was in Manila when he had given no indication the day before that he would be coming. "Nothing," he smiled. "Naguusyoso lang." ["Just gallivanting."]

Of course I didn't believe him and a few days later, the grapevine told of a scene that occurred at headquarters where Jorge was that morning. He had been called to be castigated for signing an agreement with the religious, military and civilian leaders of Region X calling for an extended regional peace.

The last time I saw Jorge was two days later at the NDF office at the National Press Club. This was his first trip to Manila in 15 years he said and he had seen a couple of movies. But before he went home, he wanted to see the offices of *THE MANILA CHRONICLE*. I invited him to ride with me to work in the office car.

On the way back to our old offices in Pasig, the driver said that we had to pass for a staffer in Malacanang. And my friend Jorge entered the Palace compound—in blissful anonymity and with good will in his heart.

I heard from Jorge again two months after the ceasefire ended. He wrote me a long letter expressing his heartache over the end of the peace effort and his disappointment that the Cory Government did not come across as he thought it would. He sounded much harsher in print than in person.

One day last year, I met an American foreign correspondent who asked if I knew Jorge. He had spoken of me fondly, she said, as the person who brought him to Malacanang.

**Officials View U.S. Trade Bill, NIC Status,
Copyright**

Kasem Sirisamphan Comments

42070005 Bangkok SIAM RAT in Thai 2 Sep 88 p 9

["Wide World, Narrow Path" column by Kasem Sirisamphan: "The United States, a Great Ally?"]

[Excerpts] I don't know very much about the U.S. trade law or Trade Bill, which went into effect last month, but I have heard that this law is a matter of U.S. trade protectionism and that it will affect Thai trade on U.S. markets. Thus, I read with much interest the article "The Trade Bill: a New Time Bomb for Thai Trade," which was written by the Technical Section, Thai Farmers Bank, and which appeared in SIAM RAT last Monday and Tuesday.

The United States promulgated this law because it feels that it is at a disadvantage in the free-trade system. It claims that it has opened its markets fully to foreign goods, but other countries have taken this opportunity to take advantage of the United States. As a result, the United States has a huge trade deficit and can't solve this problem. Thus, the United States has turned to protectionist measures in order to reduce the deficit and increase the competitiveness of American goods.

This is a strange idea. Just because the United States can't compete with others, they think that the others are wrong and that they aren't being treated fairly. They are using protectionist measures against others in order to solve their own problems.

Another thing is that the main targets of the United States in implementing protectionist measures are Japan and the European Community. But once they implement protectionist measures, they can't limit this just to Japan and the European Community. These apply to countries throughout the world, including Thailand.

But Thailand is another matter. Thailand is at the level of an "almost NIC" [newly industrialized country]. That is, we are not a NIC. But we have the honor of almost being a NIC. As a country that is almost a NIC, we are in a more difficult situation than a country that is already a NIC or a country that has no chance of becoming one.

Thailand is in a period of strengthening itself in an export-type economic system. Our economic strength in this system is still weak. There is no need to compare us to Japan. As compared with real NICs, we are still inferior.

Let's turn our attention to Thailand now. Thai have a very strange feeling toward the United States. People talk as if they were not on our side. Some Thai feel that the United States is a great ally of Thailand, because Thailand has constantly stood with the United States. This idea stems from the time of the "Cold War." Even

though there is no longer any Cold War, many Thai continue to hold this view.

Those Thai who consider the United States to be a great ally can be divided into two groups. One believes that because the United States is a great ally of Thailand, the United States won't take any strong action against us. With respect to the present trade war, they still believe that we can talk to and smooth things over with the United States. Those who think like this are wrong. The United States is being defeated in international trade. It can't single out Thailand for special treatment, because that would violate the principle of treating all countries equally.

There are also those who feel that powerholders in Thailand like to "follow the ass" of the United States. They have been repelled by this for a long time. And now that the United States is using protectionist measures, they feel that the time has come for Thailand to stand on its own feet and fight back against the United States.

This view, too, has its weaknesses. It's fine to think of fighting back against them. But we are very weak as compared with the United States and so if we try to fight them, in the end we will lose.

The various views that Thai have about relations with the United States are all very subjective. But if we want to develop our economic system based on promoting exports, we can't look at relations with a country in such a subjective and emotional way. With an export-based economic system, "trade" must lead the way. Thinking like merchants is the right way. We must think like this regarding our trade relations with the United States, particularly during the present trade war.

As for the copyright law, the article written by the Technical Section of the Thai Farmers Bank predicted that the United States will again exert pressure on Thailand concerning the copyright law. Actually, the copyright law passed the House of Representatives. But it was not promulgated because parliament was dissolved. If they apply pressure again, it will be up to the Chatchat administration to handle the matter. Everyone is watching to see if we will fight or retreat. However this turns out, it is very entertaining.

Commerce, S&T Ministers' Views

42070005 Bangkok MATICHON in Thai
28 Aug 88 pp 1, 22

[Excerpts] On 26 August, Mr Subin Pinkhayan, the minister of Commerce, gave a talk on the topic "The Future of Thai Exports" at the Asia Hotel. He said that during the past decade, Thailand has greatly increased its revenues from exports. In 1987 exports earned 289,850 million baht. This year, exports are expected to earn approximately 381,000 million baht, which is a 27 percent increase over last year.

Mr Subin said that the United States has implemented protectionist measures, particularly against the newly industrialized countries (NICs). Even though Thailand has not been seriously affected this time, if Thailand becomes a NIC, we may be seriously affected, too.

"I don't think that we want to become a NIC. If we become a NIC, we will definitely encounter problems. And actually, we are not ready to become a NIC. Our [per capita] national income is only about \$700-800. A NIC must have an income of \$2,000-3,000. Ours must increase 3-4 times. I don't think that we will be a NIC even 10 years from now," said Mr Subin.

Mr Subin said that what will support exports is trade cooperation within ASEAN. We must reach an agreement on expanding the scope of granting special customs rights to each other. We must promote and protect investment in the ASEAN group and at the multi-party level. The GATT negotiations will help greatly, particularly the negotiations on lowering subsidies for agricultural products.

Mr Subin said that as for markets in the European Community, which are becoming more unified, it is impossible to determine how this will affect Thailand. But it is thought that markets in the Pacific region, particularly Japan, will increase in importance. It is thought that Japan will soon replace the Atlantic countries as the economic center of the world.

Mr Prachuap Chaiyasan, the minister of Science, Technology, and Energy, said that in the future, acquisition of areas will shift from economic acquisition to acquisition of ideas. Thus, we must take preventive measures ahead of time. The ministry will promulgate a Science and Technology Act in order to ensure that only good technology that is suitable for Thailand is imported. We must not import things haphazardly. We must not import things of no value. This act will not restrict imports. But it will promote selectivity so that we import things that are suitable for future use.

"During the period 1982-1987, Thailand had to pay copyright and trademark fees, administrative fees, and fees on technology amounting to at least 11,745 million baht. And these fees are increasing all the time. Thus, we must promulgate this act in order to select only efficient technology that will really benefit us," said Mr Prachuap.

Commerce Minister Sees U.S. 'Pressure'

42070005 Bangkok SIAM RAT in Thai
25 Aug 88 pp 5, 12

[Interview with Mr Subin Pinkhayan, the minister of Commerce; date and place not specified]

[Excerpt] [Question] What is your broad policy in managing things?

[Answer] The position of minister of Commerce is a position of great responsibility. Every decision will affect many people, including farmers, consumers, businessmen, and industrialists. Thus, this is a very important ministry. As far as management principles are concerned, I will always consider everyone concerned. First, the farmers, who form the largest group in the country but who have little bargaining power and low incomes, must be given special attention. We must watch over things for them. They must have a chance to sell their produce at good prices. We can't let people exploit them. Second, we must give attention to the consumers. They must be able to make purchases without being exploited. Third, the free-trade system must be maintained. Thus, we must give businessmen a chance to compete freely. We will monitor things to ensure that things are done fairly. I think that if people in the country's three groups can survive, the country will survive.

[Question] I would like to ask about a problem of great importance to the country. The United States is applying pressure on the trade front, particularly concerning intellectual rights. The United States wants Thailand to revise its software copyright law or patent law. You once said that we must try to relax things, because we can't resist U.S. pressure. Would you explain this?

[Answer] Actually, I did not say that we couldn't oppose this. They have asked us to do this. We must consider the advantages and disadvantages and see how far we can go to accommodate them. If this causes problems for us, we can tell them that we can't do this. We don't have to give in to them. This must be clear. What I said was that we must consider what we can do that will not create problems for us. We must do the things that we have promised. We have to consider these things, because there has been much talk. Besides this, we have to determine how sincere they are. We must use various data in considering things. We won't just give in to them.

We must bargain. We must consider the good and bad points and how much we stand to gain or how much they will give us. This is a very complex matter. We can't be stubborn. There must be bargaining.

[Question] What is your policy regarding allotting quotas for exporting cassava?

[Answer] My objective is to help the cassava growers sell their produce at a good price. At present, yields exceed our EEC quota of 5.5 million tons per year. We must do something to encourage exporters or merchants to export cassava to markets outside the EEC by giving a bonus in the EEC. This bonus must be limited in order to be fair to the people who have cassava in stock.

Put simply, we will probably have to adhere to previous principles, that is, the stock system, because exerting pressure on people to build up stocks will lead to competition in buying and keep cassava prices from falling. That will benefit the farmers. Besides this, those

who stock large quantities will receive allocations depending on the amount stocked. That will make things fair in the group. As for the criticism about "air stock," that is a very complex method of operation. It is the duty of government officials, who must be very strict. It is not a policy matter for which the minister is responsible. And it is not something that the minister must examine. However, something must be done to correct this method of operation.

As for whether there is any better method than checking the stock, I don't think there is any better method. For example, if allocations are made based on past export performance, that would prevent people from establishing new companies. At the same time, the old traders would be able to share the benefits and profits among the group. In the end, the farmers would encounter problems, because the traders would be able to control prices. Because they would receive allocations based on past performance. They could buy cassava from the farmers at any price they wanted, because they could agree among themselves on the amount of profit.

[Question] What principles will ensure that consumers are treated fairly in view of the fact that prices of consumer goods have risen constantly?

[Answer] We have a free trade system. We have to allow traders to compete. However, we are monitoring things with respect to consumers. We will monitor the important goods and require that price adjustments be announced in advance. Certainly, if it is necessary to increase prices in order to survive because of increased costs, people can increase their prices. However, we will monitor things to see if the rate of increase is proper. But the most important thing is that if people take the opportunity to raise prices unfairly, the Ministry of Commerce has measures to deal with this.

Commerce Minister: We Can't Resist Pressure
42070005 Bangkok SIAM RAT in Thai
20 Aug 88 pp 1, 16

[Excerpts] On 19 August at the Department of Commercial Registration, Ministry of Commerce, Mr Subin Pinkhayan, the minister of Commerce, discussed the work of government officials after visiting various units subordinate to the department and listening to a report by Miss Sukhon Kanchanalai, the director-general of the Department of Commercial Registration. Mr Subin talked about the primary duties of the department, particularly the problem of the intellectual property law. He said that this poses a very complex problem for us. If we revise the law, that will enable the United States to exploit us. We might even become their slave. But it must be admitted that we cannot oppose the United States. The only way out of this is to negotiate with them. If we don't do this, we will lose even more.

As for solving the problem concerning the copyright law, Mr Subin said that because we cannot resist U.S. pressure, revising the law is one solution. He feels that this law should be revised by separating the software law from the copyright law. Both draft laws must be very general in nature. They should not go into the details. This will give them greater flexibility, because things change constantly. If they are too specific, it will be difficult to update them later on.

Mr Phachon Isarasena, the under secretary of Commerce, said that he supports separating the copyright and software laws. Concerning this, there are things that can be done to force the United States to accept this. At present, preparations are being made to discuss matters with the EEC and Australia in order to gain support.

A report from the Ministry of Commerce stated that recently, the ministry was contacted by U.S. Embassy officials. They submitted an unofficial proposal asking that the Food and Drug Organization act fairly in registering and protecting the drug formulas of foreign companies. These companies must be treated just like domestic producers. The embassy said that American drug companies are demanding this.

In making this demand, the foreign pharmaceutical companies claim that the Food and Drug Organization has been biased when dealing with companies asking to register drugs. When a foreign company asks to register a drug to protect the formula, it takes 2-3 years to register the drug. But it takes a Thai pharmaceutical company only 2-3 months. In some cases, Thai pharmaceutical companies ask to register the same drugs for which foreign companies have already submitted a request. But the formulas of the Thai companies are registered first. As a result, the foreign companies can't compete.

The United States also claims that in considering whether to register a drug, the Food and Drug Organization considers only the safety of the consumers. It does not think about protecting the interests of the owner of the drug formula.

A news source said that the United States has expressed the view that if the Food and Drug Organization treats foreign companies fairly when considering drug registration requests, that will help ease the situation with respect to the U.S. request that Thailand revise its drug patent laws. Because if it agrees to do this, foreign pharmaceutical companies will receive greater protection just like domestic companies.

The Ministry of Commerce has asked the Food and Drug Organization to consider how to respond to this. It is thought that the United States will be given an answer on this in October, because the negotiating team to solve Thai-American trade problems, which is headed by Mr Phachon Isarasena, the under secretary of commerce, is scheduled to attend a GATT meeting in Geneva. While there, the team will hold bilateral discussions with the United States.

Officers Comment on U.S. Military Exercises
42070165c Bangkok LAK THAI in Thai
4 Aug 88 pp 28, 29

[Excerpt] Cobra Gold exercises between Thai and U.S. military forces had been held six times previously. As for the exercises held in 1988, this was the seventh time that such exercises have been held.

This year, the assumed situation was that Thailand had been invaded by the Indochina countries and that our forces had made a stand along the mountain range in Chok Chai and Pak Thong Chai districts in Nakhon Ratchasima Province. The main focus of the situation concerned southern Laos and northwestern Cambodia. Along the coast, the enemy had advanced across the Banthat mountains to Rayong, passing through Trat and Chanthaburi. This assumed situation was very serious.

As for creating this assumed situation, initially, there were reports that the planners felt that assuming such a situation would reveal our weaknesses and weak points, or points easily susceptible to attack. But in the end, it was felt that this was just an assumed situation. Although we did not reveal the weak spots, strategists felt that if a war actually did break out, there would be fighting in this area, that is, at the weak points in the coastal provinces blocked by Trat and Chanthaburi provinces. It was felt that there were several passes that we should study by carrying on operations there just as in Surin, Sisaket, Ubon Ratchathani, and Buriram provinces. We must become familiar with the area and learn how to use our forces to defend against and expel the enemy.

One officer said that in this exercise, the area penetrated by the enemy was a little too far in. This made it seem as if our defense forces along the border were so ineffective that the enemy had been able to penetrate this far into the country. However, looking at the enemy's logistics capabilities, it was seen that they would be stretched to the limit there. Even though there were questions about why we would allow the enemy to penetrate so deeply, if we do things based on the assumed capabilities of the enemy and are able to destroy the enemy forces in that area, that would be a decisive victory for us.

A senior officer in the 2d Army Region told LAK THAI that the exercise area, in which it was assumed that the enemy had almost reached Korat, is a very critical area. The 2d Army Region considers this to be a special area as far as building all-round security is concerned. This military exercise increased our knowledge and strengthened our confidence in combat planning. If something should actually happen in this area, we will have greater confidence, because this is a "familiar" area.

During the Cobra Gold 88 exercise, live ammunition was used in several areas. The best display of real firepower was by the 8th Artillery Battalion in Nong Ki District, Buriram Province.

A senior officer in the 2d Army Region said that these realistic exercises in this area will at least let the Indochina countries know that we are watching various invasion routes. This will make those countries realize that we are prepared and show them that we are aware of all the possibilities. If they have been planning to take action in this area, they will probably have to abandon their plans. This is tantamount to "revealing" the combat plans of those countries.

Foreign Ministry America Desk Officer on Trade Issues

42070168a Bangkok SU ANAKHOT in Thai
3-9 Aug 88 p 29

[Excerpt] A young man who speaks very forcefully is Mr Wirasak Futrakun, the director of the America Division, whose office is on the fourth floor opposite the minister's office. Yesterday, Khanchit happened to meet him on the stairs and asked him how the situation is with respect to the United States.

The director immediately replied that we are monitoring the economic situation. Thailand and the United States have had problems, and so we have to monitor things.

When asked if any progress has been made regarding the various bills that the United States is promulgating in order to get even with us, Mr Wirasak said that the revised trade bill, or Omnibus Trade Bill, has passed the House of Representatives and has been sent to the Senate. If a few points are revised, it seems unlikely that the president will veto it. Thus, it is likely that this will become law.

This will give the U.S. President an opportunity to use sections 201 and 301 of the law to deal with certain types of goods that affect the United States as he sees fit. As for goods from Thailand, the industry that will clearly be affected is the steel industry. They will put pressure on us to accept their quota system.

He then turned to another bill that is very familiar to Thai, the Jenkins Bill (the textile bill). He said that even though people are still thinking about submitting this to Congress, it seems that (the present situation is in our favor, I said). At present, the textile market in the United States is booming and so it will be difficult to submit this bill to Congress. Because those who support this bill don't have any logical reason for blocking textile imports. (Today, women are probably happy and won't have to join in the demonstrations.)

As for the copyright law, Mr Wirasak said that they are now waiting after giving us time until the middle of December (to revise this in the way they want).

Pren Trip to USSR Seen Starting To Boost Trade
42070164a Bangkok DAO SIAM in Thai 22 Jul 88 p 5

[Editorial: "Thailand's New Export Dimension"]

[Excerpt] Gen Prem Tinsulanon, the prime minister, visited the Soviet Union, Finland, and Hungary during the period 16-19 May. That trip has unexpectedly created a new dimension for Thailand's ready-made clothing exporters. Because news reports state that on 18 July, a group of textile trade representatives from a joint international trading company, that is, the Aspack Company, which is a joint venture between the Sikrungs group and the Soviet Union, traveled to the Soviet Union in order to negotiate a Thai-Soviet cooperative agreement. Leaders in Thai textile circles from the Thai Rung Company and the Thanulak Company went on this trip to the Soviet Union, too.

The report stated that an agreement in principle was reached during the time that the prime minister and his party visited the Soviet Union. More than 1,000 items of clothing have been sent to the Soviet Union as samples. During this trip to the Soviet Union, the Thai textile leaders will negotiate the details.

As for the options regarding this agreement, a news source said that there are two possibilities. First, the Soviet Union will send 2 million square yards of cloth a month to Thailand. Thailand will use this cloth to produce ready-made clothing and export the clothing to the Soviet Union. It is estimated that Thailand will be able to produce about 800,000-1,000,000 items a month. The Soviet Union will pay for this by sending us goods of an equal value. Second, the Soviet Union will send us 2 million square yards of cloth a month. But Thailand will send an amount of ready-made clothing to the Soviet Union equal in value to the cloth. Thailand will be free to export the remaining ready-made clothing to other markets.

The news report stated that the problem that Thailand is now considering is that in order to do the work based on this agreement with the Soviet Union, there will have to be at least 10 factories to produce ready-made clothing. Thailand is now contacting producers in Sri Lanka and China in case our domestic factories cannot handle all the work.

Chawalit's RTA Modernization Efforts Reviewed
42070162b Bangkok SIAM RAT SAPDA WICHAN in Thai 17-23 Jul 88 pp 7, 8

[Text] Just after Gen Chawalit Yongchaiyut was appointed RTA CINC in place of Gen Athit Kamlangek, who was fired on 27 May 1986 by Gen Prem Tinsulanon, the prime minister and then minister of defense, Gen Chawalit immediately announced a policy of modernizing the army. This policy can be called one of making the army "lean but mean," or "small body but big brain."

Reorganizing the ISOC

The first thing that Gen Chawalit tried to do was to reduce the size of the Internal Security Operations Command [ISOC]. Before this, it was up to about 2,000 men, including civilian and police officials, soldiers, and employees who were on temporary assignment from various ministries, bureaus, and departments. These personnel were paid both their monthly salary and special allowances. This was a waste of money. There were too many men, and the result was a lack of efficiency.

Gen Chawalit reorganized the structure and reduced the number of personnel from 2,000 to the current level of only 400. The others have been sent back to their original units. This has not reduced work efficiency at all. Rather, this has actually improved efficiency and saved money.

"Actually, the present number of personnel is sufficient to do the work. We considered things and studied the data very carefully," said a news source to SIAM RAT SAPDA WICHAN. However, the reorganization of the ISOC has generated some criticism, particularly from those whose interests were adversely affected.

Besides reducing the number of personnel, Gen Chawalit also changed the structure of the ISOC. The prime minister now serves as the director of anti-communist activities in place of the RTA CINC. The RTA CINC is the deputy director. There is also a Policy and Planning Office and an Office of the Secretary General of the ISOC.

Volunteer Soldiers, How Much Progress?

Accepting volunteers is another program of the policy to develop a "small but lean" military. Young men are being allowed to join the army voluntarily. The heart of these volunteers are educated people who want to be soldiers and who are, therefore, prepared to serve their country. They were not drafted or forced to become soldiers.

These volunteers receive the same salary, allowances, and training as *thahan phran* irregulars and draftees. This program was first launched in the 1st and 2d army regions. Those who volunteered in the 1st Army Region were assigned to the 9th Infantry Division. Those in the 2d Army Region were assigned to the 6th Infantry Division. This is part of the policy to make the military more efficient. However, people are still being drafted into the military, and draftees are still considered to be very important personnel.

The weakness of the volunteers is that some of these people volunteered because they were out of work. They wanted to become soldiers in order to earn some money. As a result, because they have to train hard but are paid a low salary, when a better job comes along, they resign immediately. The army can't punish them, because they joined voluntarily.

Reorganizing the Infantry and Armor

Thailand considers Vietnam to be the closest threat. When Vietnam sent troops to occupy Cambodia, this was thought to pose a great danger to Thailand. The Thai military distinguishes between three types of threats posed by Vietnam: the immediate threat, the medium-term threat, and the long-term threat. Our military has formulated a defense plan. But this does not cover defending against the threat to Thailand's interests, such as our sources of natural resources, fishing grounds, oil refineries, or industrial locations such as the eastern seaboard.

"Considering the enemy's capabilities, the changing nature of the threat, the nature of the environment, and technology, in formulating a national defense plan we must formulate a strategic plan," said the military news source. He added that at present, Supreme Command Headquarters has formulated such a plan, and each branch of the service is carrying out things in accord with this plan.

At the same time, the military is trying to increase its offensive capabilities and combat readiness by improving its personnel, upgrading its weapons, and formulating plans. Weapons and equipment have been purchased from allies at friendship prices. This includes artillery and tanks from China.

Gen Chawalit constantly stresses that the three most important elements of combat are firepower, mobility, and communications, or command control.

"We need various capabilities. For example, there should be various types of divisions. For this reason, the RTA CINC is developing things in accord with the nature of the threats. Instead of having only standard divisions as in the past, there are now light infantry divisions," said the news source.

There are presently two light infantry divisions, the 6th Infantry Division in the 2d Army Region and the 9th Infantry Division in the 1st Army Region. These two divisions are commanded by Maj Gen Banthai Yaiketu (CRMA [Chulachomklao Royal Military Academy] Class 8) and Maj Gen Mongkon Amphonphisit (CRMA Class 9) respectively.

Besides this, the 2d King's Guard Infantry Division has been turned into an armored infantry division. It has been equipped with tanks. The news source said that these are tanks that were purchased from China. The purpose is to increase the mobility and firepower of the division.

Reduce the Number of Cadets

Something else that Gen Chawalit is trying to reorganize in accord with the policy of making the army leaner but more efficient, which requires changes at the foundation, is the Chulachomklao Royal Military Academy, which is the educational institution that produces officers for the army.

The news source said that the army's present policy is to reduce the number of cadets at the academy to match the army's personnel structure. The original structure was not pyramidal in shape and was not related to the personnel. The new policy clearly stipulates what approximately 80 percent of CRMA graduates must do to become generals. As for the other 20 percent, those who have the capabilities will be chosen for other lines, such as technical branches.

Besides this, Gen Chawalit has issued a document on personnel detailing how many types of officers there will be, where they will come from, and the paths of each type. This document stipulates that to be promoted to full colonel, an officer must have a bachelor's degree and pass an efficiency test. However, there has been much criticism about this in the army and so the old regulations are being used temporarily.

All of these things are part of the policy to reorganize the army to make it "leaner and meaner." As for whether this will be achieved, at this point no one knows.

Besides this, the army is also trying to develop the capabilities of each army region, particularly their combat readiness. To do this, the army has established battalion combat-ready teams composed of infantry, cavalry, artillery, engineer, and communications units. They will have firepower, mobility, and manpower.

These battalion combat-ready teams are being established in every army region. The first such teams were established in the 1st, 2d, and 3d army regions. These teams are prepared to deal with threats at any time.

Gen Chawalit constantly stresses that the three most important elements of combat are firepower, mobility, and communications, or command control. Thus, communications personnel have been assigned to the battalion combat teams. Military leaders attach great importance to modern communications equipment, because communications is considered to be vital during combat.

The Thai-Chinese Arms Depot

An effort is also being made to establish a Thai-Chinese arms depot just like the Thai-U.S. arms depot. Today, an agreement has been reached in principle. The details are now being negotiated. However, the Thai-Chinese arms depot will differ from the Thai-U.S. arms depot in that only equipment and parts for various weapons such as tanks, artillery, and AAA will be stockpiled. No actual weapons will be stockpiled at this depot. Thailand feels that if the need arises, it should be able to draw items from the depot immediately without having to wait for authorization from the Chinese government.

The news source said that the idea to establish a Thai-Chinese arms depot arose in the wake of the fighting between Thai and Lao forces at Ban Rom Klao. Many of the weapons that Thailand had purchased from China

were heavily damaged and needed to be repaired. During that fighting, ASEAN did not express any desire to help Thailand. Only Singapore expressed the intention of providing ammunition.

That was an expensive lesson for Thailand. It is not good to have to rely on others. Whenever there are difficulties, friends may turn their backs at any time.

Senior Foreign Ministry Official Comments on East Europe Ties

42070168h Bangkok SU ANAKHOT in Thai
3-9 Aug 88 pp 26, 27

[Summary of interview with Kasit Phirom, the minister attached to the Ministry of Foreign Affairs: "Relations Between Thailand and East Europe"]

[Text] On 26 July, Kasit Phirom, the minister attached to the Ministry of Foreign Affairs, talked with SU ANAKHOT and reporters from other newspapers about relations between Thailand and East Europe. He focused mostly on trade and various cooperative projects whose prospects look brighter. In particular, things look brighter since Gen Prem Tinsulanon's official visit to the Soviet Union in June. Minister Kasit looked at things before the present thaw in our relations and at future trends. The following is a summary of the interview with the minister.

Before the Tree Shed Its Leaves

For many years, the relationship between Thailand and the East European countries has been one of confrontation during the "Cold War." This is because we hold different ideals. One side is communist and the other is a free democracy. As a result, our world political view has differed. We have viewed the various problems in the world differently. That includes the Korean War, the Vietnam War, and the problem of infiltration and destruction based on the internationalist principles of the communist bloc.

Because we have viewed the problems differently, the practices of each side have been in accord with these policies and ideals. In particular, before the Gorbachev era, the Soviet Union focused on military expansion. The Soviet Union that Thailand knew was a great power militarily. It was a country that wanted to "sell" its political ideals and ideology.

Thus, from Thailand's perspective, the Soviet Union was very big and fearsome. It posed a threat to Thailand. It posed a fearsome danger to us. Because of this, Thailand had to implement various measures in carrying on relations with the Soviet Union and other countries in this bloc. We relied mainly on national security in order to defend ourselves and prevent infiltration. But from the perspective of the Soviet Union and the Soviet-bloc countries, Thailand was viewed as an underling of the

United States. The Soviet Union tried to establish relations with various groups in Thai society using illegal channels. That is, they did not go through the Thai Ministry of Foreign Affairs or other state organizations. With relations like this, people's views on the various problems were polarized. There was only "white and black."

The Tree Shed Its Leaves in April 1985

The Soviet Union and the East European countries began to change after the communist party of the Soviet Union installed a new leader, that is, Mr Mikhail Gorbachev, who announced the policy of glasnost and perestroika in April 1985.

As for changes on the part of Thailand, Thailand began to change because of the need to find new markets. The Prem 5 administration announced a policy of economic and trade cooperation. Parliament was told that Thailand would associate with all countries regardless of their political ideals. The East European market is a new market for Thailand. At the same time, these changes stemmed in part from the pressure applied by certain segments of Thai society, who asked why we had not established markets in East Europe and why we had not established relations with neighboring countries in order to have border markets.

The Prem 5 administration responded to these demands because: 1. this was already the government's policy, and 2. this was the desire of certain segments of the population. Actually, finding new markets will benefit the country, because Thailand is now facing protectionist policies from Japan, the United States, and the European Community.

Because of the internal and external situation, the needs of Thailand and East Europe and, in particular, the Soviet Union, are now more in harmony. There have been several high-level exchanges between the Thai and Soviet foreign affairs ministries. Finally, in June Gen Prem made his first and last visit to the Soviet Union as prime minister.

New Relations Bear Fruit

The visit to the Soviet Union by Gen Prem and his party, which included Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs in the Prem 5 administration (who is almost certain to be reappointed foreign affairs minister in the new administration now being formed), made Thailand aware of the changes that have occurred in the Soviet Union and in East Europe and of the influence of the glasnost and perestroika policy. That is the origin of the adjustments aimed at enabling the policies, originating from the needs of both sides, to lead to effective action based on the principle of "feeling at ease" in associating with each other.

An important adjustment based on "feeling at ease" is that from now on, when making contact, the Soviet Union must go through the proper channels in an official way. Also the levels approved by both sides must be accepted based on the internal conditions of each country. For example, with respect to the Soviet Union giving scholarships to Thai students, Thailand has stipulated that the Soviet Union should give scholarships only to students who are studying at the master's or Ph.D. level. Also, emphasis should be placed on giving scholarships to students who are studying science rather than sociology or the humanities. And the scholarships must be given through Thailand's Ministry of Foreign Affairs.

Besides this, with respect to social, cultural, and scientific exchange programs, a clear agreement must be reached ahead of time. There must be clear reasons, and the number of people must be clear so that each side clearly understands the nature of the agreement.

If the two conditions mentioned above, that is, relations through proper channels and clarity, are satisfied, that will lead to "feeling at ease" in dealing with each other and eliminate apprehension and improprieties. This will also facilitate things in entering and leaving the country. For example, people will be able to obtain a visa more quickly.

Thailand began to make adjustments and review its position immediately after Gen Prem returned from his trip to the Soviet Union. We have already informed the East European countries and are sure that they will respond favorably.

Hopeful Image

The East European countries are experts in the fields of cotton, chemicals, petrochemicals, gas, and electronics, and they are rich in minerals needed by Thailand, including copper and silver. On the other hand, the East European countries need commodities such as sugar, corn, rice, tin, rubber, and other consumer goods such as canned food and textiles.

Trade between Thailand and East Europe must be regular, and it must be carried on directly without going through "middlemen" in other countries. Another thing that has helped improve trade relations is that the Soviet Union has authorized certain republics to trade directly on their own without having to go through the central government. Also, state enterprises in certain republics can trade quite freely. This has facilitated trade.

Besides this, East Europe wants to learn how to manage various service occupations, such as hotel management. Moreover, there are now direct flights between Moscow and Bangkok. Once the standard of living in these countries improves, the people will have more money to take trips. This could benefit Thailand's private sector.

As a result of these improved relations, it is believed that Thailand will benefit from being able to reduce its trade deficit with the East European countries. The Soviet Union is the only country in this bloc with which Thailand has a trade surplus. Thailand's trade deficit with the East European countries now stands at about 3-4 billion baht. Thus, it will be good if Thailand can sell large quantities of goods to East Europe.

The recent change in relations between Thailand and the East European countries is considered to be a very significant step and a very hopeful image amidst the changes that countries everywhere are making with respect to both internal and external affairs.

Editorial: Foreign Investment Bad for Local Workers, Investors

42070166b Bangkok DAI SIAM in Thai 26 Jul 88 p 5

[Editorial: "A Government That Supports Foreigners More Than Thai"]

[Excerpt] Ever since the administration of Gen Prem Tinsulanon, the prime minister, took office, the truth is, foreign investment in Thailand has not benefited the country. Looking at the companies that have been registered, it can be seen that none of the big companies that have invested in production activities belong to Thai. Most of these are foreign companies that have used the names of Thai in order to conceal the fact that they are the largest shareholder.

There are two main reasons why foreign companies, particularly Japanese and Taiwanese companies, are investing in Thailand. First, labor in Thailand is cheaper than in any other country in Asia, and the foreign investors can exploit our laborers with the cooperation of government officials. Second, foreign investors can use Thailand's export quota. The government is deceiving the people by saying that these exports benefit Thailand.

But that is not the case. Actually, only a small group of Thai benefit from foreign investment here. Most of the profits go to the foreign companies, which use our people and country to make huge profits.

The government of former Prime Minister Prem Tinsulanon is proud every time a foreign company invests here, claiming that Thailand will obtain modern technology and that this will help disperse income. But those claims are false. Thai are not allowed to touch this modern technology, because foreigners are brought in to use this technology. And foreigners occupy the senior positions in these companies. Thai have few rights.

That is not all. The government attaches greater importance to foreign investors than it does to Thai investors. Instead of trying to facilitate things for Thai investors, the government of Gen Prem has put up a variety of obstacles. Thai have been blocked when requesting

investment promotion and when asking that taxes be lowered or that taxes on production equipment be waived. This is the opposite of foreign investors, whom the government has tried to please in every way possible.

Editorial Fears Recrudescence of CPT With Khmer Rouge Help

42070163a Bangkok *BAN MUANG* in Thai
21 Jul 88 p 2

[Editorial: "A Reversal"]

[Excerpt] Members of the CPT [Communist Party of Thailand] surrendered because they saw that the government had implemented Order 66/23 of Gen Prem Tinsulanon, the prime minister. They believed that the government would be able to build a democratic system based on this order. But 8 years have passed now, and the present democratic line is so different from that espoused in Order 66/23 that there seems little chance of building a perfect democracy. Thus, CPT members who returned to participate in developing the nation are beginning to think that they were tricked by the administrators. They are beginning to distrust the political and administrative actions of these people, who are beginning to act as they did in the past.

What is important is that at present, the CPT is achieving results in cooperating with the Khmer Rouge in the struggle against the Vietnamese, or Soviet, communists in Cambodia. The growth of the CPT no longer depends on Chinese support and aid. Today, the Khmer Rouge are waiting to seize control of Cambodia from Heng Samrin. The strength of the Khmer Rouge has been recognized by Prince Sihanouk, who has said that the Khmer Rouge has greatly weakened the Sihanouk forces. Prince Sihanouk has had to leave Thailand because of his fear of the Khmer Rouge. This is the reason for the reversal in the fortunes of the CPT.

Crown Prince Slated for Senior Army Schooling

42070169a Bangkok *LAK THAI* in Thai 11 Aug 88 p 9

["M.C. Wan Hotline" column: "Crown Prince To Attend National Defense College"]

[Text] Last year, there were reports that the Crown Prince, the commander of the King's Guard Mahatlek Regiment, would attend the National Defense College [NDC]. But because the preparation time was too short, he decided not to attend last year but to wait until this year. As for the officers who will attend the NDC this year, the basic criterion for selection was age. That is, most of those selected to attend the NDC this year were born in 1935. Those born before this do not have the right to attend. Senior officers who will attend include Lt Gen Wattanachai Wutisiri, Big Klot, the commander of the 1st Army Region, and Lt Gen Wirot Saengsanit, the chief of the Territorial Defense Department. It is worth

noting that most of those attending the NDC this year are rather quiet and serious men. This includes Maj Gen Phaibun Emphan, the deputy commander of the Munitions Production Center, Maj Gen Suphit Iamchan, the commander of the Lopburi Military District, and Special Colonel Suwit Chaiprapha, the deputy commander of the Artillery Division.

Banker Foresees Better Indochina Economic Ties

42070162a Bangkok *KHAO PHITSET* in Thai
20-26 Jul 88 pp 50, 51

[Interview with Dr Amnuai Wirawan; date and place not specified]

[Excerpt] [Question] What is your forecast concerning economic relations between Thailand and the socialist world, particularly Indochina, during the next 12 years? Will Thailand play a leading economic role in this region? What must be we do with respect to neighboring countries such as Burma, Laos, Vietnam, and Cambodia?

[Answer] Recently, the political conflict seems to have declined as an obstacle to economic relations. It can be seen that at present, the Soviet Union and the People's Republic of China have become important buyers of American cereals. Also, during the past 1-2 years, the United States has sold cereals to important political enemies at prices below cost. This is tantamount to the United States giving support to consumers in the Soviet Union and China. With the exception of weapons trading, in the world trading arena today, economic reasons take precedence over political reasons. For this reason, it's very likely that by the year 2000, the differences in political ideology will no longer be a factor in international economic relations.

The developments now taking place in the Soviet Union and China show that the socialist countries are turning more and more to the market system and market mechanisms. Factories in these two countries are beginning to use incentive systems. Business organizations in these countries, even though they are state organizations, are beginning to function like organizations whose goal is to make a profit. Thus, the economic ideas of the Free-World and socialist countries are coming to resemble each other more and more. As a result, trade and investment relations between these two blocs have quickly grown much closer.

The same is true in the case of Thailand. Recently, the Thai government and Thai exporters have tried to penetrate markets in socialist countries. We have sent several trade teams to visit socialist countries, and the prime minister himself visited the Soviet Union and some of the East European countries. Several trade teams from socialist countries have visited Thailand during the past 2-3 years. For this reason, even though trade between Thailand and the socialist countries is still low—in 1977, trade between Thailand and the two socialist giants, China and the Soviet Union, was valued

at approximately 17 billion and 2.7 billion baht respectively—in the future it is expected that the volume of trade with these two countries and with other socialist countries will increase greatly in view of the fact that a foundation for this has already been established.

As for economic relations with our socialist neighbors, including Burma, Laos, Cambodia, and Vietnam, things look much brighter than in the past. This is because just like other socialist countries, these countries are now attaching greater importance to developing their economies by relying on the market mechanism. Besides this, the civil war in Cambodia may soon come to an end. I am sure that the disputes between Thailand and the socialist countries in Indochina will be settled before the year 2000, and if we are lucky, they will be settled before 1990. Vietnam has promised to withdraw its troops from Cambodia by 1990. If Vietnam keeps its promise, this should be possible at the beginning of the next decade. Not only will the socialist countries of Indochina become important trading partners of Thailand, but they will also be countries with which Thai can carry on joint investment projects. These countries are rich in natural resources, they have a large labor pool, and they lack expertise in production and marketing. Moreover, they are neighboring countries whose traditions and customs are similar to ours. Our consumer tastes are similar. As a result, Thailand has an advantage over other competitors in this market.

Thus, by the year 2000, Thailand will probably be playing a major role in developing the industry and commerce of the Indochina countries. Statistics show that the value of trade between Thailand and the Indochina countries is still low. For example, in 1987, the value of trade between Thailand and Laos was only about 1,161 million baht. But the actual value of trade was probably much greater than that, because much of the border trade is not reflected in the international trade statistics.

Commerce Ministry Sources Comment on Copyright Strategy

42070166c Bangkok NAEON in Thai
25 Jul 88 pp 7, 14

[Excerpt] A report from the Ministry of Commerce informed NAEON that the United States still wants Thailand to revise the copyright law even though the U.S. House of Representatives unanimously passed a resolution authorizing the U.S. Government to become a member of the Berne Convention, which affords international copyright protection.

The United States continues to cite the 1966 Treaty of Amity signed by Thailand and the United States. This treaty stipulates that both countries are to protect each other's intellectual property. They say that this treaty was signed before the U.S. House of Representatives passed the resolution to have the United States become a

member of the Berne Convention. Thus, the new administration will definitely come under pressure from the United States to revise the Copyright Act.

However, at present, preparations are being made to negotiate with the United States on protecting copyrights. Thailand's standpoint is that it will provide protection to American copyrights based on the same standards that countries throughout the world use to protect each other's copyrights. But Thailand will not make revisions using the U.S. copyright law as a model in protecting copyrights. This is because the U.S. Copyright Law mentions various types of copyrights and stipulates steps for filing suit and punishing offenders if a copyright is violated. This cannot be applied to Thailand, because it conflicts with the Thai legal system.

"An example is the issue of computer programs or software. The United States wants computer software included in the draft copyright act. We feel that this should be covered by a separate law. Many countries, including Japan and European countries, feel the same way.

Prasoet: Cambodia situation Irreversible, New Policy Needed

42070166a Bangkok BAN MUANG in Thai
27 Jul 88 pp 1, 20

[Excerpts] Mr Prasoet Sapsunthon, the president of the National Democratic Council, presented a scholarly paper at a debate organized by the Institute of Security and International Studies at the Faculty of Political Science, Chulalongkorn University, on 26 July. The topic of the debate was "Solving the Cambodia Problem, Problems and Ways." The contents of his paper can be summarized as follows:

The Cambodia problem directly affects Thailand in important ways. Thus, every Thai must play a part in solving this problem. When the Faculty of Political Science, Chulalongkorn University, organized a debate on the topic "Solving the Cambodia Problem, Problems and Ways," the board of the National Democratic Council felt that this was a very important topic. As an organization that has tried to help solve this problem and the Thai-Lao problems, particularly the Ban Rom Klao matter, the board passed a resolution to present its views at this debate for discussion.

Cambodia became a socialist country in 1975. Free-World countries that have become socialist cannot revert to being Free-World countries later on. The attempt to turn Cambodia into a Free-World country cannot succeed. Thus, the objective of the liberals in solving the Cambodia problem is not to turn Cambodia into a Free-World country but to prevent the Cambodia problem from posing a threat to the security of Thailand and to the peace and security of this region and the world.

The situation in socialist Cambodia is different from that in other socialist countries in that the communist party, which controls Cambodia, is carrying on an intra-party struggle using the highest form of struggle, that is, war, a war between the Heng Samrin communists and the Pol Pot communists (Khmer Rouge). No other communist party in control of a socialist country is waging such an intra-party struggle.

The prolonged war has benefited the Pol Pot communists, because it has allowed them to mobilize the nationalist feelings of the Cambodian people against the Vietnamese in order to topple the Heng Samrin communists just as they did when they drove out the Americans and toppled Gen Lon Nol. But the Heng Samrin faction has adequate troops. This faction has built up its military forces and can coordinate things with the Vietnamese troops remaining after the withdrawal and following the transfer of command to Heng Samrin. Thus, it will be difficult for either side to defeat the other.

The liberals both in and outside Cambodia mistakenly think that Cambodia can be turned into a Free-World country again in order to prevent Vietnam from invading Thailand and posing a threat to ASEAN. Thus, they have formed a national front and an international front on behalf of the Pol Pot and Chinese communists. Their hope is that after Vietnam has been expelled from Cambodia, Prince Sihanouk will play the leading role in Cambodia. But that is just a dream. A united front's only duty is to help expand the communist forces. After that, it is eliminated or disbanded. A united front has never played a leading role or escaped being eliminated. Regardless of which communist faction wins in Cambodia, Prince Sihanouk has no chance of playing a leading role. If the Pol Pot communists win, Prince Sihanouk will be in great danger. Thus, he did the right thing by leaving this time. The liberals can defeat the communists only with democracy. Joining the front will lead to defeat.

Besides the fact that the Cambodia war is a civil war according to international law, it is civil war between communist factions, the first such civil war ever. Thailand is the only Free-World country bordering this civil war in Cambodia. Thus, it has been affected by the refugee problem and the fighting that has spilled over the border. Actually, the civil war in Cambodia does not pose any other danger unless the liberals create dangers by implementing incorrect policies that are not based on the reality of the struggle between the Free World and the socialist world and that violate international law and democratic values.

Thailand is in a strategic position, because it is the only Free-World country adjoining Cambodia, which is one of the focal points of the world struggle today. Thus, Thailand is playing a role in deciding whether the Cambodia problem is solved in a favorable or unfavorable way. It depends on whether Thailand's policies and political development move in the direction of a perfect democracy. In that case, it will be able to implement a truly neutral policy.

Based on an analysis of the problem, I would like to suggest the following for solving the Cambodia problem: Thailand must quickly become a democracy and implement democratic policies with respect to the Cambodia problem. On one hand, it must abandon its present policy toward the Cambodia problem and implement a policy of strict neutrality toward the civil war in Cambodia in accord with the principles of international law, particularly the Geneva Convention of 1949. On the other hand, it must stop participating in the front and maintain strict neutrality with respect to the conflict within the international communist movement.

Thailand should promote and maintain good relations with all the Free-World and socialist countries. It must stop being part of the front and have good relations. The refugee problem must be solved based on humanitarian principles. Solving the Cambodia problem this way will benefit the security of Thailand and the peace and security of this region and the world.

The main thing is to implement a policy of strict neutrality toward the conflict within the socialist system and toward other countries based on Thailand's policy of "independence." Above all, we must be strictly neutral with respect to the conflict within the socialist system in Cambodia.

Economist Wants Tighter Controls on Foreign Investors

42070164b Bangkok THAI RAT in Thai 22 Jul 88 p 5

["Quality of Society" column by Woraphot Na Nakhon: "Views of Professor Kroekkiet Phiphattanaseritham, an economist and the rector of Thammasat University: Watch Foreign Investments; Is Thailand Really Benefiting?"]

[Excerpt] "How much does foreign investment benefit Thailand and the Thai people? Based on the goods and services in which they have invested, it can be seen that these activities have expanded the production base and stimulated consumption. The expansion of the production base includes such things as building plants to produce industrial goods for export. Activities to stimulate consumption include such things as building trade centers to expand services and stimulate spending on luxuries. Expanding the production base is much more beneficial. But we must also see what special privileges these investors want.

"Every foreign company that invests here asks the government for special rights, such as a temporary exemption from the trade tax, exemption from the import tax on machinery and raw materials, and a monopoly on the production of goods to prevent competition from other producers. As a result, they can set whatever price they want for these goods, and the Thai people have to pay a much higher price than they would otherwise have to. Or

we may have to use goods of low quality. For example, the cars produced in Thailand are inferior to those produced in their home country.

"The benefits that foreigners receive from investing in Thailand include the use of Thailand's rights on foreign markets, such as the GSP, and import tariff exemptions that Thailand receives in certain countries. Also, those foreign companies share Thailand's export quotas in selling goods to the EEC. We have these quotas but don't know how to use them. And what is important is that foreigners are using our resources and labor to produce goods.

"The goods that we produce or in which foreigners have invested can compete well on foreign markets because our labor is cheap and domestic raw materials are easily obtainable at low prices. It's not because our production technology is superior to theirs. Besides our raw materials and low labor costs, we have to rely on the technology of these foreign companies. With respect to industrial production that relies on foreign investment, these foreign companies usually produce only certain parts or items in Thailand. Important parts requiring advanced technology still come from the investor's country.

"We will benefit from foreign investment only when we can control the types of investment activities beneficial to Thailand. This refers to supervising the business activities of Thai to prevent foreign businessmen from gaining a monopoly. The rights requested by foreign investors as a precondition for investing here must be limited. They must be required to transfer technology here. And foreign investment must not give these foreign investors influence over our economy. We must have economic freedom so that Thai businesses can survive and grow.

"Thus, in looking at the economic situation, we should not look at the export and investment figures or at how fast the economy is growing. Instead, we should look at the living conditions of the people or laborers. Because the objective of economic development is to improve the standard of living of the majority of the people, not material development. The majority of our laborers still live in poverty because of the words 'cheap labor.'

"The index that shows whether a country has a developed economy is the standard of living of people in general. If there are fewer slums and prostitutes, that is an indication that the people's standard of living has improved. For example, in Taiwan, Korea, and Japan, where there has been economic development, there are now fewer slums and prostitutes. People say that our economy has grown, but the number of slums in the cities has increased. There are about 1,000 slums in Bangkok alone. About 1 million people live in these slums. There may be beautiful buildings on both sides, but the slums are hidden behind these buildings. We are clever at concealing our poverty.

"The economy has grown and people's incomes are up, but the number of slums has increased, too, and the number of prostitutes has not declined. This shows that there are weaknesses in the economic development system. Our industrial development has occurred very rapidly. Advanced technology has been brought in, but it has not been transferred. The government must implement strict measures to force the foreign companies that invest here to transfer technology. And we must promote the development of native technology. This is tied to education. We must promote more technological research at our educational institutions. An important weakness in the economic development system is the problem of revenue dispersement.

"The end result of economic development should be a better life and improved standard of living for all people. Even though there will still be poor people and rich people, the gap between them must not be too great."

This was the response by Professor Kroekkiet Phiphatanaseritham in discussing the poison, that is, the consumption of our raw materials and exploitation of our laborers, that comes with foreign investment. What can be done to increase the value of our natural resources and have more expensive labor?

Poll Tallies Views on Domestic, Foreign Policy Issues

42070161a Bangkok MATICHON in Thai
21 Jul 88 pp 1, 18

[Excerpt] At 1300 hours on 20 July in the Chamchuri Room of the Imperial Hotel, Mr Thirayut Bunmi, the director of the Policy and Social Philosophy Research Project, announced the results of a poll conducted in Bangkok Metropolitan on the political system. The poll showed that Bangkokians are very proud of their country, with a total of 87.4 percent expressing great pride in their country and only 6.2 percent saying that they were not very proud of their country as compared with other countries in the world. The people with the greatest pride in their country are the Greeks followed by the English. The next question concerned people's confidence in the country's institutions and social organizations. People expressed the greatest trust in the military, with 40.4 percent expressing trust in the military. This was followed by educational institutions, 26.3 percent. The lowest were the police, 7.6 percent, and the House of Representatives, 6.4 percent.

As for the private sector, Bangkokians expressed most trust in television, 35.5 percent, and the banks, 34.9 percent. Only 15.5 percent said that they trusted the newspapers. Labor unions received the lowest percentage.

Mr Thirayut said that the questionnaire evaluated people's attitude toward various countries that are important to Thailand's foreign policy. A total of 45.7 percent of the respondents said that the People's Republic of

China is Thailand's friend. This was followed by the United States, 39.6 percent, and Japan, 33.1 percent. Those countries receiving the lowest percentages were Vietnam, 2.7 percent, and Laos, 8.1 percent. This question indicated how Bangkokians feel about the Thai government's foreign policy in general. A total of 24.6 percent felt that the present policy is good, 33.5 percent felt that it is fair, and only 4.3 percent felt that it is not good.

As for the Thai political system and the Thai government, 20.9 percent of the respondents said that they are satisfied with Thailand's political system and 59.0 percent that they are not satisfied. At the same time, 54.9 percent said that the election will benefit the majority of the people in the country. As for whether the politicians or political parties listen to the view of the people, 54.2 percent of the respondents said that the politicians and parties do listen and 33.8 percent said that they don't listen.

Mr Thirayut said that with respect to the last session of parliament, 75.1 percent of the respondents complained that the politicians whom they had voted for or supported had not contacted them again, and 19.0 percent said that the politicians had contacted them only a few times. Only 4.9 percent said that the politicians contacted them frequently. What is worse, when asked about government officials, 80.7 percent said that they had never been visited by government officials.

As for evaluating the performance of the government and government officials, Bangkokians were about evenly split on the issue. That is, 44.7 percent said that the government listens to the views of the people, and 43.4 percent said that it doesn't. As for government officials, 42.5 percent of the respondents said that they listen to the people's views, and 50.9 percent said that they don't.

Mr Thirayut said that in this poll, Bangkokians were asked to express a view on government spending. A total of 78.6 percent of the respondents said that the government is not spending enough money on building housing for the poor. Also, 73.5 percent felt that the government is not spending enough to prevent crime, and 62.5 percent did not feel that the government is spending enough on the medical and public health problems. As for the private sector, particularly banking, 17.2 percent felt that the government is providing too much support; 35.5 percent felt that it is providing the right amount of support. As for trade and industry, 9.8 percent felt that the government is providing too much support, and 32.1 percent felt that it is providing the right amount of support.

"What is interesting is that with respect to the national defense budget, which is often criticized as being too large, 44.9 percent of the respondents said that the national defense budget is about right. Only 13.6 percent felt that it is too high. Perhaps this is a result of the fighting at Ban Rom Klao," said Mr Thirayut. He added

that the respondents felt that the government should spend more on the environment, sports, recreation, and scientific and technical development.

As for the image of Thai government officials, 50.8 percent of the respondents felt that government officials are capable people. But only 15.8 percent felt that government officials are honest. As for waving signs or turning out to welcome political leaders, 18.6 percent of the respondents felt that people did this because they wanted to please the political leaders in the hope of profiting from this. Only 8.1 percent felt that people did this because they really trusted the political leaders. Also, 9.3 percent said that this occurred because the villagers had no one else on whom they could rely.

As for the values and hopes of the Thai people, it was found that Bangkokians have the following values with respect to changing the country: 66.4 percent of the respondents supported reform, 15.4 percent supported a coup, and 75.8 percent were in support of having society escape destruction by the enemy. This shows that Bangkokians are still concerned about war and foreign threats.

Mr Thirayut said that when respondents were asked about their hopes regarding the new government, 55 percent said that they want the government to solve the economic problems, 19.8 percent want the government to take steps to eliminate poverty in the rural areas, and 18.4 percent want it to do something about the high cost of goods. The percentage of respondents who mentioned other problems, such as rights and freedoms and safety in the community, was lower.

"The responses to this question indicate that in 1988, Bangkokians have materialistic values. They want a good economy, and they want the government to do something about the high cost of goods," said Mr Thirayut. Concerning Bangkokians and the election on 24 July, 43.1 percent of the respondents regularly follow the political news, 48 percent follow politics only occasionally, and 7.8 percent said that they never listen to political news. As for which news media Bangkokians use to help decide which candidates to vote for, 38.7 percent receive their information from television, and 29.3 percent use the newspapers. Very few relied on the radio or commentators.

Chatchai Nephew, Link With Chawalit Profiled
42070168d Bangkok SU ANAKHOT in Thai
3-9 Aug 88 p 17

[Text] Kon Thappharangsi, age 40, is the grandson of Field Marshal Phin Chunhawan and the nephew of Maj Gen Chatchai Chunhawan. Thus, it is not surprising that his home is on Ratchakhru Lane. As for political relations, Kon is closer to Maj Gen Chatchai than is Kraissak, his uncle's only son.

His father, Arun Thappharangsi, was known as a "good person." He was a government official who advanced in rank in an orderly manner. Even though he was the son-in-law of a very powerful man, Arun advanced in the Comptroller-General's Department, Ministry of Finance. The last position that he held before retiring was that of comptroller general. After retiring from government service, he became the director of the Phai-tha Udom School, the school of Mrs Udomlak Siyanon (the wife of Police Gen Phao Siyanon and the older sister of both Maj Gen Chatchai and Arun's wife).

Everyone who knows that Kon is the son of Arun believes that he must be a good person, too. He is a calm person who is always ready to try and reach a compromise. On many occasions, he has worked to coordinate the interests of the Thai Nation Party with those of other interest groups in society. He has good relations not only with the political parties but with the military, too. This includes relations with Gen Chawalit Yongchaiyut.

For this reason, it is not surprising that when the Thai Nation Party had a chance to play the key role in forming the government, Kon played a major role in this. Some people have even said that Kon is the real prime minister in this government.

Besides his great interest in politics, those who are close to him know that he is very interested in Buddhism. Manu Chanyong once interviewed Kon about this. This interview appeared in the 3-9 February 1988 issue of SU ANAKHOT. He did not begin studying Buddhism just recently. Kon said that he first began studying Buddhism after earning a degree in industrial arts at Clark University in the United States. Altogether, he has been interested in Buddhism for about 20 years now. He tries to apply Buddhist principles in politics "for the benefit of the people and the country."

Kon is considered to be a part of the Thai Nation Party's new generation, which has a bright future. Everyone should keep an eye on the role played by Kon in the present situation.

Correspondent Interviews Kraisaak Chunhawan
42070168c Bangkok SU ANAKHOT in Thai
3-9 Aug 88 pp 19, 20

[Interview with Kraisaak Chunhawan, the only son of Maj Gen Chatchai, the 17th prime minister, by Somchai Suwannaban, the BBC Thai-language correspondent and one of the founders of SU ANAKHOT; date and place not specified]

[Excerpts] [Question] In the past, governments headed by civilians have not lasted very long. Even though Maj Gen Chatchai was once a military officer, he is now considered to be a civilian. How long do you think that he will hold his position as prime minister?

[Answer] Chatchai has been a civilian for many years. I think that something will happen that will cause the

military to topple this government in some way. First, the government might do something that harms the interests of the military. That could have something to do with the economy or the budget. Or it might implement other policies that conflict with the desires of the military. This could be a foreign policy. Second, if there is much corruption, this could create turmoil. That would give the military an excuse to interfere and put their own man in office. The military certainly has the resources to do this both in and outside parliament. Within parliament, the military has secret funds that it could use to buy votes and increase the size of the opposition. It has done this in the past.

Don't forget that parliament is divided into two houses, the Senate and the House of Representatives. Most senators are soldiers, and almost all of them were appointed to the Senate. As for the House of Representatives, whose members are elected, today Thai democracy is not very secure. This is because few of the MPs are disciplined or hold to democratic principles. They can change sides and cause trouble for their party. But as long as this administration carries out its duties fairly well in formulating economic plans and so on and corruption does not run rampant, I think that the government will survive.

Another factor that militates against military interference is that not all of the soldiers are dictatorial soldiers as in the past. There are several groups that have different political ideals and desires. There are now more "professional" soldiers. These professional soldiers do not think that soldiers should become too involved in politics. They are not sure of their ability to govern the country. Thailand is now an industrial country. We are no longer an agricultural country.

[Question] The Thai Nation Party was the key party in forming the government. In the past, the Thai Nation Party has been viewed as the political party of financiers, industrial financiers, who will probably focus more on protecting their business interests than the interests of the poor people.

[Answer] I think that that is correct. The Thai Nation Party is a right-wing conservative party. But in the past period, its ideals have changed greatly. The party leader, party secretary general, and most party members are "financiers." But they represent a new generation of financiers. They are financiers who came from rural areas but who have come in contact with urban industry, whose production units have the greatest power in the country. That is, they have come in contact with modern technology, foreign capital, markets, and modern communications systems. Thus, the ideals that they once held have changed.

The important point is that if this is a party of financiers who represent certain interests, what will its policies toward the people be? I think that concerning poverty

and the farmers, which I consider to be a major problem.... I think that most of the problems concern the structure of the economy, the structure of our markets, the structure of prices, and the structure of financial matters. It will require a major revolution to destroy this oppressive system and enable farmers to earn a higher income. This is not a simple matter. For example, scholars supported abolishing the rice premium. They said that this would raise the incomes of the farmers. Finally, this was abolished after farmers demonstrated in front of the Government House during the Prem 4 administration.

However, the marketing system and the structure of relations between the producers and the buyers have not permitted farmers' incomes to rise very much. This is still a problem. But a problem that is even more important is that farmers have to migrate to factories for 6 months every year or on a permanent basis. The service and industrial sectors account for 30-40 percent. But incomes are still very low. Incomes here are perhaps the lowest in Southeast Asia, with the exception of the Philippines and Indonesia.

We now have an elected prime minister. Thus, I think that Thai democracy has begun to develop and make progress. This development will give the labor unions more freedom in demanding minimum wage rights and openly protesting the improper behavior of employers.

[Question] Personally, as the son of Maj Gen Chatchai Chunhawan, are you happy that your father is the prime minister?

[Answer] Yes, I am happy. But I also have some doubts....

[Question] About what?

[Answer] I have always opposed the government on many issues. I can be called a social critic. I am a political economist who feels that there is a still a lack of justice in Thailand. I do work on behalf of workers' foundations and farmers' organizations. I work with students and am involved with the exploited classes. I don't think that this administration will implement policies aimed at improving the standard of living of the farmers and

workers. In view of the structure of the parties that have formed this government, I feel sure that I will eventually have to criticize this administration, which is headed by my father.

[Question] Are you confident that he will be a good prime minister?

[Answer] I hope that he will be better than Prem.

Right and Left Can Meet at Ratchakhru Lane

If you go to "Ban Chunhawan" at 92 Ratchakhru Lane, enter the gate, and turn right, it means you want to see Maj Gen Chatchai Chunhawan, the head and "rightist" of this family. But if turn left after entering the gate, it means you want to see Kraisak Chunhawan, the only son of Maj Gen Chatchai and the "leftist" in the family. Kraisak Chunhawan is still known as the "rebel of Ratchakhru Lane." This family provides a model in showing respect for the ideas of others and in accepting the differences between generations in Thai society. They have succeeded in living together peacefully by relying on the chain of the family unit to bind them together.

Kraisak lived in Argentina with his parents. Maj Gen Chatchai was unofficially exiled by Field Marshal Sarit Thanarat. He lived in Argentina until his early teens. He then grew up in Europe when his family moved to Switzerland. It's said that Kraisak, or Tong as he is called by his friends, became politically aware in France during the time of the Vietnam War. He earned his bachelor's degree from George Washington University and his master's degree from London University.

Kraisak is interested in the lower levels of society. He has friends at all levels of Thai society. He is also very interested in the problems in Latin America, because these clearly reflect the problems of all Third World countries that are dominated by international capital. Kraisak once said that although he may not know too much about Thai society as far as the details are concerned, he knows more about its structure than do other people.

POLITICAL

Results of Nghia Binh Criticism Drive *42090238 Hanoi NHAN DAN in Vietnamese* *6 Jul 88 pp 1,4*

[Text] During the first 6 months of 1988, party committee echelons and 90 percent of the basic-level organizations in Nghia Binh Province conducted a criticism and self-criticism drive. Thirty-nine percent of the cadres at the level of secretary and assistant secretary of standing committees and chairmen of people's committees in districts, towns, and cities were weak in capability and limited in effectiveness; also found weak and ineffective were 15 percent of district party committee members, nearly 60 percent of the directors and deputy directors of district-level corporations and enterprises, and nearly 54 percent of the village- and subward-level secretaries.

Investigation of the quality of party members in a number of districts revealed that 2.5 percent did not meet qualifications (which is 2.5 times the percentage at the end of 1987); 16.6 percent of the party members required other disciplinary action (4.4 times the percentage at the end of 1987).

Through investigation of party member qualifications and resolution of shortcomings, 449 cadres and party members were disciplined in the first 6 months of this year; of these, 103 persons were purged from the party (including 2 members of district standing committees and 5 directors and deputy directors of corporations and enterprises). Fifty-nine persons were removed from office (including a district committee secretary and four directors and deputy directors of corporations and enterprises).

The Nghia Binh party organization is continuing to expand the drive, in keeping with the resolution of the Fifth Plenum of the Central Committee on party-building, striving to surpass objectives for taking disciplinary action in pending cases and those recently brought to light, investigating and reevaluating leadership and management cadre ranks at each echelon and in each sector in conjunction with streamlining organization, and investigating the quality of party members and basic party organizations in preparation for the general congress of the party at grassroots and district levels.

MILITARY

Economy Suffers 2 Billion Dong Loss in 1st Half *42090010b Hanoi QUAN DOI NHAN DAN in Vietnamese* *7 Jul 88 p 1*

[Text] According to a Ministry of Interior notice, criminals misappropriating socialist property have caused great losses for the national economy. During the past 6 months, counting only that data acquired by the public security forces, these losses have risen to 2 billion dong

(surely not all have been calculated). The theft of socialist property is still widespread, accounting for 70 percent of the socialist property violations. Corruption cases accounted for the other 30 percent. The greatest losses occurred within the transportation step: most of all in grain, agricultural materials (insecticide, etc.), industrial materials (cement, coal, etc.).

Illegal Border Crossings Increase *42090010a Hanoi TIEN PHONG in Vietnamese* *28 Jun-4 Jul 88 p 2*

[Article by Trung Hien: "Halting Illegal Border Crossing"]

[Text] At about 1500 on 15 May 1988, three youths from Ha Bac took some crossbred West German dogs up to Lang Son City. Following the trail to Van Lang District, they crossed the border to trade for printed cloth, thermos bottles, flashlight batteries, etc.

At the beginning of April, Lam Thi Men from Ta Pec Hamlet, Hung Viet Village, Van Lang District, crossed the border to trade chickens for rice and kerosene.

These are a few of the incidents recorded in the log kept by the public security forces of Van Lang District, Lang Son Province on the border crossings of individuals to buy and sell goods. An investigation of eight villages in the district revealed that 2,342 families had individuals cross the border during March and April to buy and sell goods (the total number of families in the 8 villages is 3,443). Sadly, 5.2 percent of the party members were guilty of this error. Male and female youths accounted for 60 percent of those crossing the border to trade.

Many people in the northern provinces such as Ha Bac, Hanoi, Hai Hung, Haiphong, etc., also travel to the Lang region looking for a way to cross the border to trade. More seriously, degenerate and deviant public security personnel and soldiers have participated with and assisted those engaged in illegal activities. This is an alarming practice.

Unsavory individuals buy at high prices many goods such as anise seed oil, cinnamon, weapons, ammunition and even crossbred dogs, blackbirds, nightingales, moor-hens, etc. aimed at sabotaging us in many aspects. For example: when they began a campaign to buy blackbirds, nightingales and moor-hens at prices of 2,500, 4,000 and 6,000 dong per bird respectively, a great many teenagers and youths abandoned production and entered the woods to hunt for birds. Therefore, in Thanh Long Village alone, the area of export tobacco and ginger has declined by 50 percent. Cultivated land in many villages has been abandoned. Smuggling, robbery and murder are spreading in many districts along the border.

Even more dangerous, through this trading and these trade recipients, unsavory individuals on the other side of the border are seeking ways to collect our military and

economic secrets, incite a portion of the people to resist the government, etc. Some professional smugglers are taking advantage of this situation to enrich themselves and have still not been punished by the law.

We suggest that administrative echelons and legal agencies severely punish smugglers. Protection and security forces must closely inspect and manage individuals traveling from provinces in the rear to the border area. Supply essential goods, return sufficient convertible goods and ensure the living conditions of the ethnic minority people.

Youth union echelons, especially chapters, must give more concern to union member education and management and the construction of cultural, literary, physical education and sports points, through that assembling, uniting and educating the youths and teenagers.

ECONOMIC

Minister Doan Duy Thanh Explains Export-Import Problems

42090009 Hanoi NGOAI THUONG in Vietnamese
15 Jul 88 pp 1, 2

[Text] Editor's Note: At the third session of the National Assembly, eighth term, some of the delegates questioned the Ministry of External Economic Relations on a number of issues directly related to external economic relations work.

Following is an excerpt of the answers given by Minister Doan Duy Thanh concerning the three primary issues of:

1. The problem of trade competition over a number of export goods which has and is occurring. The Council of Ministers has issued many documents strictly forbidding this but the problem has not yet been overcome, and has even become more disturbing. Why?
2. In the matter of the state owing provinces and cities materials, foreign exchange and Vietnamese currency in import-export work, what methods does the Ministry of External Economic Relations have to provide provinces with funds for business, production investment and producer repayment?
3. Why are losses being incurred in exports and why is the level of compensation by the state bank for losses in export activities becoming increasingly greater?

Presently as you all know, in export-import activities, we still have two types of existing mechanisms: one a centralized command and accounting system in the central government through the state plan and budget, and one of self-equilibrium within each sector and locality through exports and imports to provide on our own the needs of production and life that cannot be

handled by the central government. This self-equilibrating mechanism is also closely connected with the current mechanism of budget decentralization to sectors and echelons.

On the point of each mechanism type, I do not wish to report the strong aspects and strengths of each but simply to present the existing problems that are closely connected to occurrences unfavorable to the economy, as expressed in the questions of the National Assembly delegates.

In an overall examination, we see the following major problems existing in each type of mechanism:

Concerning the mechanism of centralized command and accounting by the central government through the state plan and budget, several problems have long existed but because the economy of our country has always had unbalanced aspects, nothing has been done to resolve them. Slow changes in operational command and the economic policy system have led to an increasingly prevalent situation of agreements in which the more goods are delivered to the central government, the greater the losses and difficulties suffered by the local areas with the central government owing increasingly larger amounts of material, foreign exchange and even cash. This situation is due to:

- a. First of all, regarding the Soviet Union, we export and import in accordance with 1985 costs with an export value equal to one-third the import value (consumer goods imports account for 0.28 percent).

Because our export price level, compared to the world and domestic markets, is much too low, the state budget must compensate for losses in export value. However, a problem requiring attention is that if we imported goods from friendly countries at the same price as our export goods, it would also be extremely low compared with the international and domestic markets.

The problem is that because imported goods are distributed to all sectors in the national economy at a low price level, units receiving the distribution "luckily" enjoy the low price while the state not only does not receive a price difference but must also compensate for the losses of sectors and local areas that have delivered goods to the central government for export.

Therefore, the "interest" earned in import goods is not expressed in the budget while conversely, compensation for losses in export goods must be. Consequently, the greater the agreement export value, the greater the compensation for losses by the budget. This is not mentioning the trade competition in export commodities and materials meandering through many intermediate levels which has caused export prices to rise with steadily greater loss compensation by the budget.

In a study of export-import goods rate computation for presentation to the Political Bureau at the beginning of this year, because illegally charged goods accounted for 40 to 45 and even 50 percent (averaging about 30 to 35 percent), loss compensation by the budget has steadily risen.

b. The payment rate in export-import activities has not been a satisfactory solution consistent with the actual market situation and the buying power of the dong has steadily and rapidly declined. At the present time, the average blackmarket rate of exchange for 1 ruble is about 1,500 dong and for 1 dollar about 3,500 dong while the payment rates in export-import relations are still maintained at 150 and 225 dong respectively.

In this situation, clearly the more export goods delivered by sectors and local areas to fulfill international pledges to friendly countries, if not repaid in materials and equipment corresponding to the value of export goods delivered to the central government but paid in foreign exchange in the values noted above, the greater the loss in business capital.

c. The repayment of imported supplies and raw materials to local areas and primary level production units is not punctual. With the debts of the central government steadily piling up, the General Export-Import Corporation or Ministry of External Economic Relations are cutting cloth off the side to mend the shoulder, going from one location to another to settle unpaid debts, and this primarily arises from import operations that are not closely connected with exports. Due to the critical requirements of production and the mounting indebtedness in supplies and raw materials through many years, import value in supplies and equipment has been previously distributed by the state, and in many cases, we import first and export later. Consequently, when necessary to repay each local area and sector with supplies and raw materials corresponding to the volume of export goods delivered to the central government in accordance with the plan, there are at times no longer any supplies or at other times, the supplies and equipment have not yet been imported.

In 1986 and 1987, the central government still owed local areas about 65 million rubles. After working with various sectors, the Ministry of External Economic Relations submitted a decision, which was signed by the Acting Chairman of the Council of Ministers, reserving supplies for the repayment of local areas. However, because the source of old supplies had dried up and new supplies had not yet arrived, only a small portion of the debts have been paid for a number of provinces suffering severe difficulties while many provinces are forced to wait under extremely difficult circumstances in their local areas.

Therefore, to handle the effects of matters that a number of National Assembly delegates have asked about, we see that the foremost issue is the need to handle the major

unresolved problems from the mechanism of exports and imports in accordance with state plan norms in order to both fulfill international pledges and to ensure the realistic interests of sectors and local areas when they have successfully completed their plans for delivering export goods to the central government.

2. The mechanism of self-equilibrium in exports and imports, using import profits to compensate for export losses, is closely connected with the current budget decentralization mechanism.

The strong points of this mechanism have been affirmed during the past few years, especially under conditions in which the central government has encountered severe difficulties with insufficient strength to answer the urgent requirements in production and life of the local areas.

However, in conjunction with this, it must also be acknowledged that with this mechanism, many major negative occurrences have and are being generated for both the domestic economy and foreign trade, with arbitrary grading and pricing as voiced by the concerns of many National Assembly delegates.

The predominant unresolved problems of the export-import self-equilibrating mechanism are expressed in several points:

a. Due to the use of import profits to compensate for export losses in each sector, local area and economic organization, there is competition for special-product export plants and animals of value to the area 2 market, and simultaneous contention to import consumer goods for which a high price difference may be acquired in the domestic market, not only to compensate for export losses but also to earn much profit.

b. Foreign exchange has been set adrift, becoming an open means of business on the domestic market with an "attraction" to present buying and selling operations, not only creating economic losses for the state but also generating negative occurrences in social life. Meanwhile, the tendency to use foreign goods becomes increasingly widespread, especially high-level goods within that part of the population capable of making large payments.

From this arises a situation of large profits in the import goods business. On the basis of much capital and large profits, the accumulation of export goods sources is organized by many formulas, including the use of private operators with blank checks. This has created a situation of trade competition between local areas and sectors with arbitrary price levels that many meetings and documents have failed to resolve. The primary problem is that management at the macroscopic level in exports and imports and management of foreign exchange have not been set forth in a serious manner.

Here is a problem needing attention. The steadily greater amounts of foreign exchange floated on the market are

due to the fact that the stipulated exchange rate is still irrational and inconsistent with the buying power of the dong. No one is selling foreign currency to the bank or making payments through the bank at the low stipulated rate of exchange to suffer both a loss in capital and in profits while shifting to a business which presently has many difficulties and much confusion.

c. Inability to halt the continuing trade competition is caused by the state not having the supplies and raw materials to sufficiently supply production and therefore, a situation has occurred in which primary level production units and local areas are forced to engage in trade competition for a number of export goods of great value in order to contend in importing a number of supplies and raw materials from area 2, aimed at resolving the troubled production situation.

In this case, instances have occurred not only regarding cinnamon but also coffee, pepper, coconut oil, peanuts, etc., in which local areas without these types of products have still requested export licenses from the Ministry of External Economic Relations with such valid papers as joint enterprise association in production and business between local areas, marketing contracts between economic organizations with the approval of two-party local area administrations, or under circumstances in which a locality has insufficient materials, commodities or cash to purchase all the products of the local area, while another locality has the materials, commodities or cash to purchase those kinds of products presently available among the people. Many discussions have been held with the various sectors by our ministry concerning this case and the need for a solution has been recognized so the farmers can sell their products and to accelerate the production of the local area and nearby provinces to acquire export goods. However, the decisive issue is the need for negotiation and discussion between local areas with price unification to avoid a situation of trade competition, raising prices and creating negative occurrences for the local area. Marketing in this case must be agreed upon by the provincial and municipal people's committees on both sides.

To deal with the problems presented above, while studying promulgation of the new mechanism on export-import work in order to implement Resolution 11/NQ-TU, 2 May 1988, of the Political Bureau on urgent methods of resisting inflation, the Chairman of the Council of Ministers on 14 June 1988 promulgated Directive 182 on a number of urgent problems in export-import work.

Ministry Implements New Socioeconomic Programs

42090253a Hanoi GIAO THONG VAN TAI in Vietnamese 7 Apr 88 p 1

[Article: "Socioeconomic Plan With 11 Programs"]

[Text] Editor's Note: Thoroughly understanding and implementing the resolution of the Sixth CPV Congress,

the Ministry of Communications and Transportation has put together a socioeconomic plan with 11 programs. In the process of implementation and in light of new resolutions and decisions by the central echelon and the Council of Ministers, the ministry has taken steps to strengthen and refine these programs.

GIAO THONG VAN TAI has published articles to introduce important issues on renovating planning, organization of cadres, finance, traffic safety, science and technology, transportation service, and savings. However, propaganda is not yet intensive, still reflecting poor grassroots-level performances.

In line with the minister's Directive No 38, GIAO THONG VAN TAI continues to propagandize, guide and reflect the realization of the above socioeconomic plan. Leading staff organ officials and magazine contributors and correspondents are enthusiastically invited to send in articles and reports, contributing to a thorough understanding and proper implementation of that plan. To begin, we publish below the list of high-ranking ministry officials appointed to guide the above 11 programs (at the meeting on 2 March 1988).

Minister Bui Danh Luu is in charge of:

1. Program to devise a strategy to develop the sector and address problems that need urgent solutions.
2. Program to renovate the sector's organization.
3. Program on local communications and transportation.

Vice Minister Le Kha is in charge of:

4. Program to build a new managerial system.
5. Program to re-establish discipline and safety standards within the communications and transportation sector.
6. Program on labor and livelihood.
7. Program to improve work methods.

Vice Minister Nguyen Dinh Doan is in charge of:

8. Program on international cooperation.
9. Program to apply scientific and technical progress and raise produce quality.

Vice Minister Tran Lu is in charge of:

10. Program on savings.

Vice Minister Bui Van Suong is in charge of:

11. Program on transportation in support of three great party and state economic programs. Organization of passenger transportation.

International Cooperation in Shipbuilding Expanded

42090253b Hanoi GIAO THONG VAN TAI in Vietnamese 7 Apr 88 p 1

[Text] From 8 to 12 March 1988, the first session of the conference of official representatives from Vietnam, the Soviet Union, Bulgaria, and Poland was held in Varna (Bulgaria) to review the 1-year implementation of the technical agreement, signed on 26 March 1987 in Havana, on building and repairing ships at Vietnamese shipyards.

Results were acclaimed at the conference. The Soviet Union and Vietnam have signed an agreement on ship building for the 1988-95 period. Bulgaria has agreed to place an order for ships weighing from 3,500 to 5,500 tons. And Poland continues to provide us with ship-building supplies.

At the conference, Bulgaria placed an additional order from 1,100-ton ships to be built according to Polish blueprints while Vietnam agreed to construct barges weighing 1,000-2,000 tons according to its own designs in Bulgaria. Vietnam will provide cadres and technical planning for construction of Bulgarian passenger ships weighing 3,500-5,500 tons. Currently, nearly 200 Vietnamese workers are employed by the Varna shipyard. Many of them are skilled workers; some even hold Bulgaria's national certificate on shiphull welding.

That explains why our overseas friends believe that the federation of shipyards involved in the construction project will send workers to Bulgaria to build various kinds of barges from 200-2,000 tons. The project is feasible because tugboats, ship bottoms, equipment, and supplies are to be furnished by Bulgaria.

Ho Quang Long, deputy director general of the federation of shipyards and Vietnam's chief delegate to the conference, had a private discussion with the Polish delegation. Our Polish friends have pledged to help us refine complementary projects at the Ha Long Shipyard and to accept hundreds of Vietnamese laborers to work in the Gdansk Shipyard.

The coming session (January 1989) will be held in Vietnam.

Large Commerce Tax Shortfall in Hue
42090239a Hanoi NHAN DAN in Vietnamese
5 Jul 88 pp 1, 4

[By Anh Trang; Words in boldface as published]

[Text] Hue City, Binh Tri Thien Province, has had large shortfalls in the collection of industry and commerce taxes, especially the latter. Only 17.8 percent of the annual planning goals were met in the first 5 months of

the year. The shortfalls in Hue's tax collection are due to errors in calculation both of business volume and of the number of marketing establishments.

Recent research by the provincial tax branch, in coordination with the statistics branch, has established that 3,000 of the 14,173 industrial and commercial production and business establishments were small industry and handicrafts establishments and 11,173 were commercial, service, and restaurant establishments. Yet for a long time Hue has only collected taxes from about 6,000 establishments—the highest number for any 1 month was 6,300, the lowest 5,500; 5,620 establishments paid taxes each month during the 1st quarter of 1988. In Dong Ba Market, the busiest and most crowded marketplace in the province with more than 4,000 fixed merchants, regular taxes were collected from only 2,200 establishments. Thousands of temporary businesses and hundreds of regular ones have yet to pay any taxes.

Many private merchants in Hue exploited loopholes in combined and joint business endeavors with state agencies to evade taxes. An investigative team looking into only a few "joint" economic efforts in Vinh Ninh Subward uncovered many loopholes being exploited by private merchants. The Nguyen Ngoc Minh household formed a joint venture with the Friendship Club—actually, Mr Minh rented space in the club (at 11 Le Loi, Hue) to open a refreshment stand. Every month, Mr Minh paid the club 20,000 dong, which amounts to only about one-third of what taxes would have been. In this way, Mr Minh did not pay taxes to the state for several years.

Mrs Nguyen Thi Thu Thao (of 15/2 Ong Ich Khiem) entered a "joint" venture with the Public Works Corporation of Hue; she also rented space to open a refreshment stand in Kim Dong Park. Each month Mrs Thao paid the corporation 15,000 dong, which amounts to only 20 percent of the taxes, but was shielded by the corporation from having to pay taxes. Mr Luu Huyen Am (A Lau) formed a "joint" venture with the Hue Travel Corporation to open a houseboat restaurant on the Huong River. He grossed 207,280 dong monthly, but never paid a dong in taxes.

Investigation of five private "joint" economic ventures with state agencies revealed that only one refreshment establishment, of the Binh Tri Thien Art Association, paid any taxes at all.

According to calculations of the Binh Tri Thien tax branch, of the 14,173 industrial and commercial production and business establishments in Hue, more than 4,000 small merchant establishments are exempted from paying commerce tax and income tax, and nearly 10,000 of them should be paying taxes. Yet over the past period Hue has collected commerce and income taxes from only 60 percent of the establishments; none were collected from 40 percent of the establishments that should be paying taxes.

Over the past few years, district and city tax cadres have indicated to the tax branch that Hue City assesses business income for the purpose of tax computation unrealistically low compared to other localities in the province. In the 1st quarter of 1988, the average merchant establishment in Hue took in 58,148 dong and paid 5,900 dong in taxes, while in Dong Ha City the income was 98,020 dong and 11,970 dong were paid in taxes, in the delta district of Bo Trach the income was 65,000 dong and taxes 7,274 dong and in the mountain district of Huong Hoa the income was 39,440 dong and taxes 8,634 dong.

With the agreement of the Hue City People's Committee, the Binh Tri Thien tax branch recruited 33 tax cadres from Ben Hai, Trieu Hai, Dong Ha, Huong Dien, Huong Phu, and Phu Loc Districts who had just graduated from the Nghia Binh taxation middle school to join a number of cadres in cooperation with the public security forces, the marketplace management board, and the market management unit of Hue City to conduct a study of taxation in the five sub-wards of An Cuu, Vinh Ninh, Vinh Loi, Tay Loc, and Phu Cat and in Dong Ba Market to inspect the tax situation here. Among the 934 industrial and commercial production and business establishments in these 5 wards, 210 establishments evaded taxes. These 210 establishments declared receipts of 27.3 million dong, and although this was far short of the amounts actually taken in, the state still had shortfalls of more than 2 million dong in taxes monthly. Investigation revealed that 276 of the 934 establishments declared incomes for tax purposes far below the real amounts. For example, the Tran Thi Linh Lang household, which sells tea at 17 Hung Vuong (Vinh Loi), did 300,000 dong worth of business in April and paid 62,600 dong in taxes, but inspection revealed an income approaching 3.6 million dong, more than 10 times the income for April. The household of Mai Thi Bong, noodle makers at 9 Le Dai Hanh (Tay Loc), did 130,000 dong worth of business in April and paid 10,110 dong in taxes, but inspection revealed an income of 1,170,000 dong, 9 times that of April. The Nguyen Thi Sen household, who sell grains at 98 Hung Vuong Street, An Cuu, had a business volume of 50,000 dong in April and paid 4,800 dong in taxes, but the actual volume was 628,000 dong.

The total business volume of the 276 establishments was 26,172,000 dong, for which 2,680,000 dong were paid in taxes; inspection revealed an actual business volume of up to 105,042,000 dong, nearly 4 times the volume for April.

During February and March of the 1st quarter of 1988, prices fluctuated greatly, with daily increases in some commodities, yet Hue City did not adjust the business volume for tax computation. Last April, though an adjustment had been made by then, it was still far below the actual volume. Collecting on only 50 percent of the actual volume would double the amount of taxes collected in Hue now.

From our investigation of the situation with tax collection in Hue City, the following emerged as main causes:

First, leadership cadres from the sub-ward and village levels on up to the municipal level do not yet pay close attention to taxes. Taxes should be adjusted to increases in business volume due to market price increases and decreases in the buying power of the dong; tax rates should certainly not be raised. Yet many leadership comrades are afraid that the people will complain about tax increases, so they suddenly give in and only adjust the business volume a little, while there is a sharp rise in the market prices of nearly all commodities. The Binh Tri Thien tax branch has known about the tax shortfall situation over the past few years, but remained silent out of consideration for and fear of confrontation with the city and conservative about taxes.

Second, there are 270 industry and commerce tax cadres in Hue—a large number, but not strong, with many lacking professional knowledge and a number of low quality and sense of responsibility. These two weaknesses cause tax losses for Hue in both the number of marketing establishments and volume of business.

Third, the city has not yet been able to mobilize general strengths and create systematic and close coordination among the various party and government organizations, among mass organizations, and especially among associated sectors such as public security, inspection, pricing, market management, marketplace management, and tax enforcement, so that there are many loopholes for tax shortfalls.

Taxation is one of the tools of the state for inventory and inspection, encouraging production and business sectors to develop in the right direction, regulating income among the various classes of the population, and stabilizing life. Hue City must have methods for guiding industry and commerce tax collection so that it is done correctly and fully. This is also one of the urgent tasks of the party and the people of Hue City.

Conference on Solutions to Issues of Workforce, Jobs

42090239b Hanoi NHAN DAN in Vietnamese
5 Jul 88 pp 1, 4

[Text] The Population and Labor Research Center of the Ministry of Labor, War Invalids, and Social Welfare, with financial aid from the United Nations Fund for Population Activities, has just held a scientific conference on jobs and labor resources.

Nearly 80 scientific reports were sent in to the conference on the following subjects: distribution and utilization of labor by region, sector, and economic component; theory and methodology for providing jobs in the transitional stage of socialism; utilization of labor resources and providing work for young people, women,

veterans, and the handicapped. All discussions emphasized the socioeconomic significance of the formation, distribution, and utilization of labor resources and providing jobs, considering these matters the main substance of the "strategy for man," for which solutions are being diligently sought by the party and state in our country.

Our country has 32 million workers now, and 46 million are predicted by the year 2000. While this is a source of great potential for the fatherland, it is also a burning issue. In cities and towns, the number of persons without steady employment each year is 600,000 to 700,000, most of them young people. In the countryside, the 18 million agricultural workers only use about 200 work-days a year; that is, the manhours being utilized in this area are equivalent to those of only 6 million workers. There is much waste of labor in the state sector. Many units could reduce the present workforce by 30-40 percent; it is estimated that a reduction of 800,000 to 900,000 workers would be possible in this sector.

Representatives attending the conference asserted that over the past period we made many efforts and made many inroads into solutions for the problem of jobs. Yet because of the large population increase over the past years, the number of workers increased by over a million people.

The number of persons currently employed in social production is 26 million, or 14.7 percent; 18.6 million, or 71.5 percent, are employed in the collective zone; 3.6 million, or 13.8 percent, are privately employed. There are therefore still about 6 million persons without jobs or without job stability. To utilize this great potential, it is necessary to develop an economy with a structure of multiple components, which is considered a means of attracting considerable labor into social production.

Under the title of "Utilizing the Grey Matter Work Force in Vietnam," one discussion asserted that our country presently has 697,430 scientific and technical cadres, 254,157 with graduate or postgraduate levels of education, yet there are still many irrational aspects to their utilization. The majority are concentrated in central agencies and in cities, with very few in basic-level district installations.

Representatives attending the conference asserted that to effectively utilize labor resources and solve the problem of jobs, it is necessary to use such methods as developing occupations that do not require large investments and have

quick return in economic effectiveness; developing a commodities production economy with a multi-component structure as a means of providing jobs and effectively utilizing labor resources; doing a better job of labor and population distribution by geographical area and construction of new economic zones; and expanding external economic relations in order to more rapidly develop labor cooperation with foreign countries.

Gold Prospecting Reportedly Increasing

42090266 [Editorial Report] Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 11 Aug 88 reprinted a NHAN DAN article reporting that the General Department of Mines and Minerals estimates that about 700,000 people are now panning for gold in Vietnam. Some have become rich, but many others have lost their livelihood. The report also indicated that few people are selling their gold to the state in compliance with Decision 76 of the Council of Ministers, dated 13 May 87, which sought to regulate the prospecting and sale of gold and precious stones. "The most important issue at present," according to the report, "is to clearly define the rights of the state in relation to the localities and the people. It is also necessary that all concerned agencies coordinate to ensure effective exploitation of our gold deposits on the basis of Decision 76."

The May 1988 DOAN KET, a Vietnamese magazine published in Paris, carried a letter from a Hanoi reader encouraging overseas Vietnamese to return to Vietnam to get rich by panning for gold. The letter stated that in July 1987 one gold prospector made 200,000 dong in one day and did not have to pay any taxes. An accompanying photograph shows people panning for gold by a stream in Mai Chau in September 1987.

The May 1988 issue of the Hanoi newspaper TUAN TIN TUC published an article entitled "The Hot Spot of the Gold Fever," which reported that 3,000 to 4,000 people a day are visiting places in Bac Thai Province where gold has been found.

The 7 July 1988 Hanoi QUAN DOI NHAN DAN published a letter from a reader in Bat Xat District, Hoang Lien Son Province, which complained of the disruptive effects of gold prospecting, including people leaving their jobs in hopes of striking it rich, and others selling gold to dealers and then spending it on food and drink. "Because of gold prospecting," the writer concludes, "there is no law and order."